EXHIBIT VOLUME II

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, [redacted] 1962

No. [redacted] 16

THE SHOTWELL MANUFACTURING COMPANY, ET AL., PETITIONERS,

vs.

UNITED STATES.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

PETITION FOR CERTIORARI FILED JUNE 9, 1961

CERTIORARI GRANTED DECEMBER 18, 1961

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1961

No. 142

THE SHOTWELL MANUFACTURING COMPANY, ET AL., PETITIONERS,

vs.

UNITED STATES.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

VOLUME I

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		Original	Print
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		Original	Print
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		Original	Print
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		Original	Print
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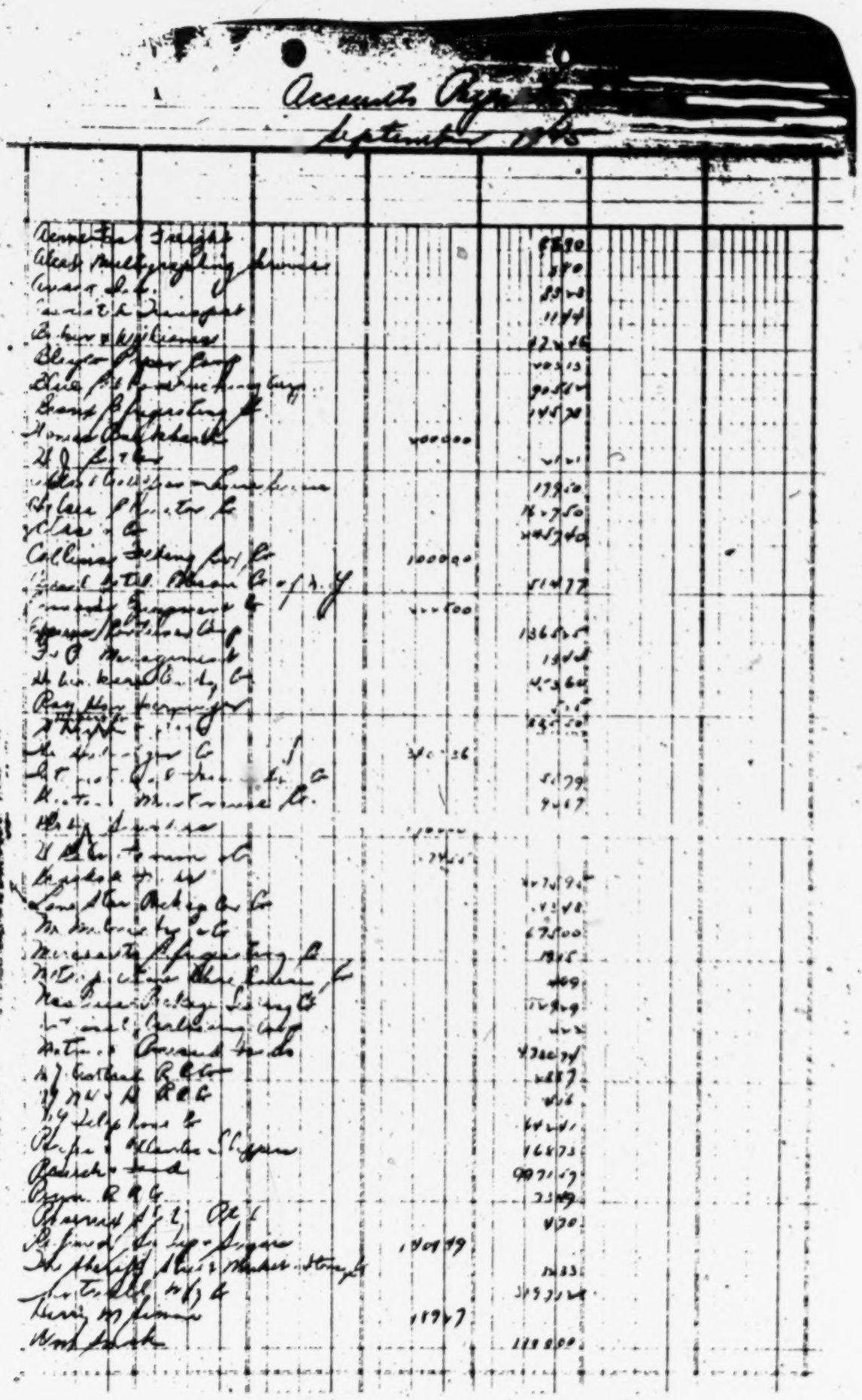
		Original	Print
84	Contract, dated February 7, 1946, between Cargill and Penick & Ford for 5 cars of corn; marked "Shotwell" in pencil	549	483
85	Contract, dated February 6, 1946, between Daniel F. Rice & Co. and Penick & Ford for 1 car of corn; marked "Shotwell" in pencil	551	484
86	Contract, dated February 4, 1946, between Cargill and Penick & Ford for 7 cars of corn; marked "Shotwell" in pencil	553	485
87	Contract, dated February 2, 1946, between Daniel F. Rice & Co. and Penick & Ford for 1 car of corn; marked "Shotwell" in pencil	555	486
88	Certified copy of letter, dated May 1, 1946, from Chester Bowles to Will Clayton, Assistant Secretary of State	557	487
89	Certified copy of memorandum, dated May 2, 1946, from Robert H. Shields to Secretary of Agriculture	560	490
90	Certified copy of page 3 of Weekly Highlight Report No. 26 dated April 4, 1946, from Robert Marks, Chief, Regional Food Enforcement Section, Chicago, Illinois, to Herman Greenberg, Director, Food Enforcement Division, Washington, D. C.	565	496
91	Certified copy of "Report on Economic Effects of Grain Exchange Actions Affecting Futures Trading during the first six months of 1946" entered by the Federal Trade Commission February 4, 1947	567	498
93	Certified copy of appointment, December 19, 1952, of Harold E. Sullivan as Master in Chancery, Circuit Court of Cook County	660	592
94	Letter, dated September 7, 1950, from Sullivan to James B. McCahey	664	596
95	Letter, dated September 30, 1953, from R. B. Shipley, Director, Passport Office, Department of State to Alan Y. Cole re certain information from passport file of David George Lubben	666	598

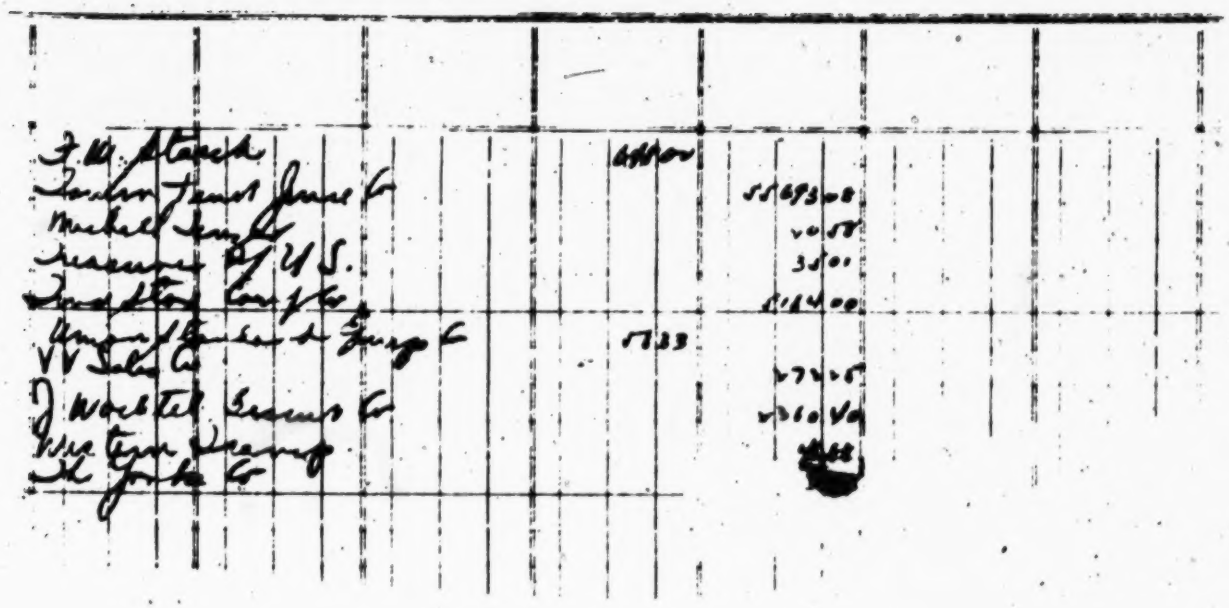
		Original	Print
95A-B	Photostat of passport application, dated August 3, 1948, of David George Lubben	668	600
96	Treasury Department Mimeograph entitled "Revision of Address by J. P. Wenchel entitled 'Tax Frauds and Voluntary Disclosures.'"	670	602
97	Photostat of memorandum dated May 2, 1947, to officers and employees of the Internal Revenue Service, calling their attention to address to be given by J. P. Wenchel on May 24, 1947	682	620
98	Certified copy of Com. Mimeograph Coll. No. 4201, R. A. No. 722, dated July 2, 1934, re voluntary disclosure policy	684	621
99A-C	Subpoenas duces tecum directed to Penick & Ford, American Maize, Corn Products Refining and Hubinger	696	637
100A-B	Summary of Shotwell Corn Syrup Purchases from Union Sales Corp., 1941	705	649
100C	Summary of Shotwell Corn Syrup Purchases from A. E. Staley Mfg. Co., 1941	709	651
100D	Summary of Shotwell Corn Syrup Purchases from Penick & Ford, 1941	711	652
100E	Summary of Shotwell Corn Syrup Purchases from Corn Products Sales Co., 1941	713	653
100F	Summary of Shotwell Corn Syrup Purchases from Anheuser-Busch, 1941	715	654
100G	Summary of Shotwell Corn Syrup Purchases from American Maize Products Co., 1941	717	655
100H	Recapitulation of Shotwell Corn Syrup Purchases, 1941	719	656
100I	Summary of Shotwell Starch Purchases from A. E. Staley Mfg. Co., 1941	721	657
100J-K	Summary of Shotwell Starch Purchases from Corn Products Sales Co., 1941	723	658
100L	Summary of Shotwell Starch Purchases from Certified Products Co., 1941	727	660
100M	Summary of Shotwell Starch Purchases from American Maize Products Co., 1941	729	661

		Original	Print
102	Summary of Shotwell Corn Syrup Purchases, 1941, 1945, 1946	731	662
103	Summary of Shotwell Corn Sugar Purchases, 1941, 1945, 1946	733	663
104	Summary of Shotwell boiling starch purchases, 1941, 1945, 1946	734	664
105	Summary of Shotwell Moulding Starch Purchases, 1941, 1945, 1946	736	665
106	Summary of Shotwell Purchases of Corn Products, 1941, 1945, 1946	738	666
107	Summary of Shotwell Purchases of Corn Syrup from American Maize, Corn Products, and Penick & Ford, 1941	740	667
108	Summary of Shotwell Corn Syrup Purchases, 1945, 1946	741	668


Accounts Pay
September 1945

[fol. 394]

DEFENDANTS' EXHIBIT 65B



Accounts Payable Schedule
October 1905

Acme Fast Freight		6946
Alert Mutoscope & Supply Co		9[illegible]
American Tobacco Products	15845	
Aaron Lumber Co		1890
Baker & Williams		19388
Blue Ribbon Trucking Co		3898
Brady Manufacturing Co		4[illegible]
Brandt Paper Co		11500
Brown Furniture Co		6[illegible]
Harmon Supply Co	2[illegible]	
Berry Grocer Co		576
A. J. Carter & Co		[illegible]57
Wm. A. Cooper & Co	48[illegible]	
Candida Chem		257
Central Coal & Iron Co		16[illegible]
Clark & Co		409[illegible]
McGlen	4[illegible]	
Collins Building Co	100000	
Commercial Trading Co	450000	
Consolidated Electric Co		64600
Dutchman Brewing Co		60000
Eagle Carbon Co		49080
Economy Equipment Co	4[illegible]	
J. O. Montgomery		7378
Greendale Chemical		6[illegible]
Home Products		6[illegible]
Independent Candy Co		1[illegible]
The Kleiber Co		18[illegible]
A. Light & Son	38[illegible]	
Eastern Candy Co		4[illegible]
International Harvesting Co		81[illegible]
Keystone Manufacturing		3[illegible]
Kirby Lumber Co	176000	
A. Klumpp & Co	12000	
Adams Express Co		[illegible]
Louisville & Nashville R.R.		16[illegible]
M. Schwartz & Co		6[illegible]
Manhattan Engineering Co		6383
Merchants & Miners Transportation		2693
Motor Transport Co		67[illegible]
Nat. Manufacturing Co		[illegible]
Chester Northern		7[illegible]
J. D. McClintock Trucking Co		174 34
Nashua Package Printing Co		4040
National Co		[illegible]
National Cereal Products		3[illegible]

Feb 1905
DEFENDANTS' EXHIBIT 650

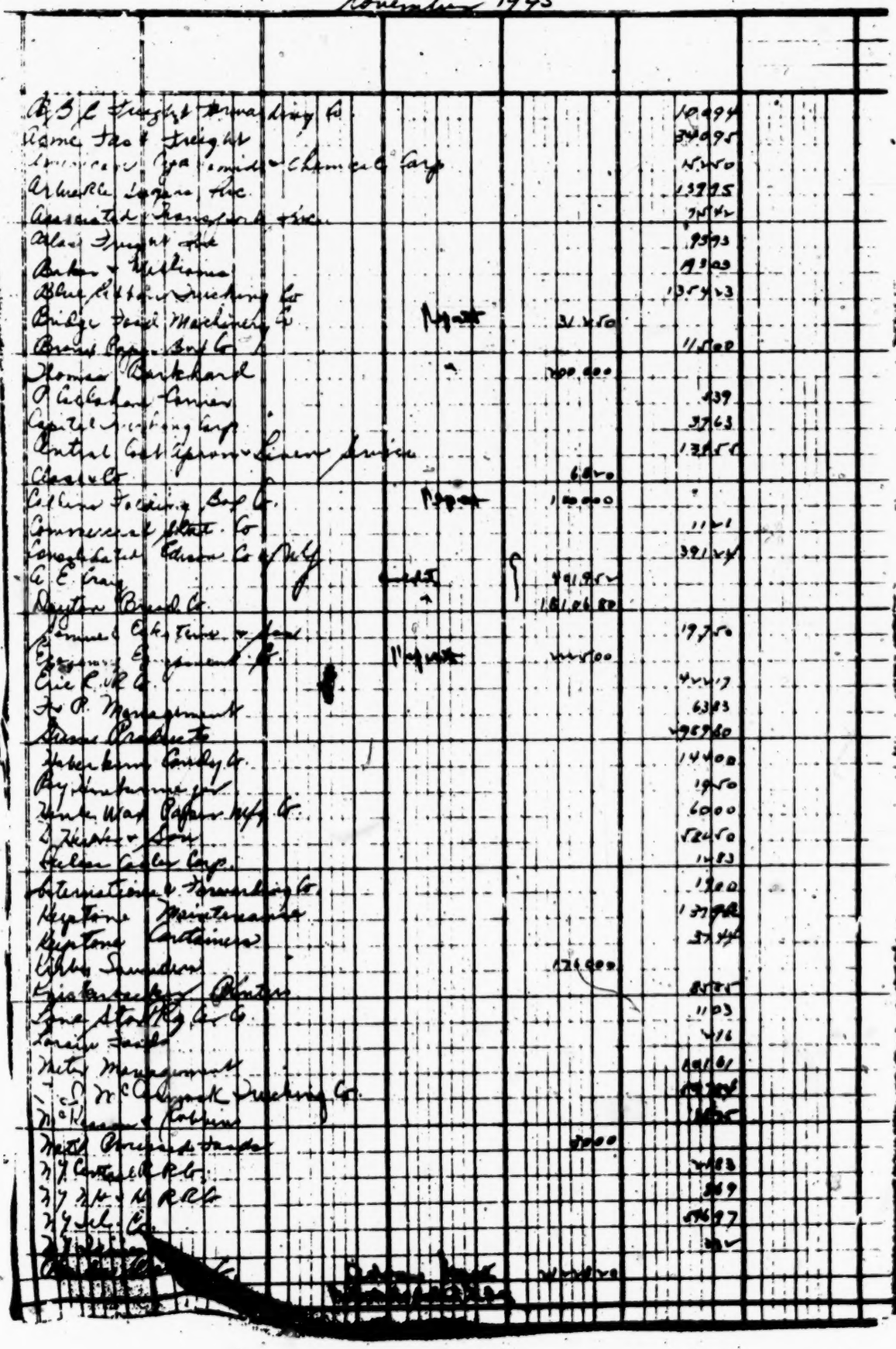
2 2RP14B

Accounts Payable Schedule
October 1945

Newark Steel Barrel Co		1139 45
[illegible]		[illegible]
[illegible] N. H. R.R. Co		8 [illegible]
[illegible] Telephone Co		73 05
[illegible] Times		23 [illegible]
Pacific Atlantic Shipping		581
Public Service	136 70 94	
[illegible] R.R. Co		15 [illegible]
Phoenix St. Ry. Co.		[illegible]
[illegible] Brake		10 44 48
[illegible] Hardware		[illegible] 97
[illegible]		[illegible]
Republic Coal Mining Corp.		171 07
Sheriff St. Market - Storage Co		1 [illegible]
Wm. B. [illegible]		11 000
[illegible]		[illegible]
Standard Supply Co		29 [illegible]
J. W. Starch	648 00	
Taylor Iron Iron Co		1 80 98
McLeroy		40 62
Two Star Can Co		1 [illegible] 44 00
Upson Electric Jacket Service		1 49 10
Union Stock Yard & Supply Co	58 83	
United Air Lines	3 33	
Universal Packing Box Co		1 [illegible] 49 13
U. V. Sales Co		1 [illegible] 67 36
J. Wachtel Granite		1 46 44 00
Wheat Pickle Packing Co	9 10	
Western [illegible]		133 07
Purdue Wilde Corp.		4 10
Wm. St. Ulrich		[illegible] 49
The Yonker Co		6 80
	37 09 10	74 36 5 06
		37 09 10
		[illegible]
		[illegible]
		[illegible]
		3 [illegible]

Accounts Payable Schedule

November 1945



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65F

DEFENDANTS' EXHIBIT 65F

[Vol. 39]

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[fol. 399]

DEFENDANTS' EXHIBIT 65J

Calsum Food Products Co
May 31, 1945
Notes re Purchases

Comments

To facilitate the Vouching of the purchase book, besides putting the page no. on the bill I would suggest that the line # shown also be written underneath the page #.

In Vouching the bills, I came across certain credits given us by Close Co for the use of our cans on drop sales. These credits were not taken into consideration by the bookkeeper and they only entered the net amount. This procedure is not correct because it changes the net profit of the account out of year. Upon further investigation I was informed that $ 30000 + of cans were purchased and approximately $ 20000 + were billed out in this manner at the present time. I further discovered that the purchases of these cans were charged to the drop shipments account. This materially increases the inventory of the cans were taken out of this account.

May 4, 1945, Dairy Ilest. Co charged us for three shipments to Rees Va. on three invoices in the amount of [illegible] On further investigation I found that this shipment was not billed out to the above because they never received the cans. The shipment so being traced into distributors to find out who received the cans so they can be billed.

On the same bill we are charged with 6 M/M for drop shipment to S.W. Kups in Chicago. This does not belong to us as this item was omitted from the statement. The amount was billed on June 4, 1945 # 16621.

In many instances prices on invoices are changed and the amount added to the bills. The bills are paid on two checks one check equals the amount billed us less the discount and one check is made payable to cash for the increase in the price.

The method of paying these increases are always the same, with two checks, but the handling of the increase on the bills are different. In one case it was done as mentioned above and in other instances new bills are typed on yellow stationery reflecting the changes.

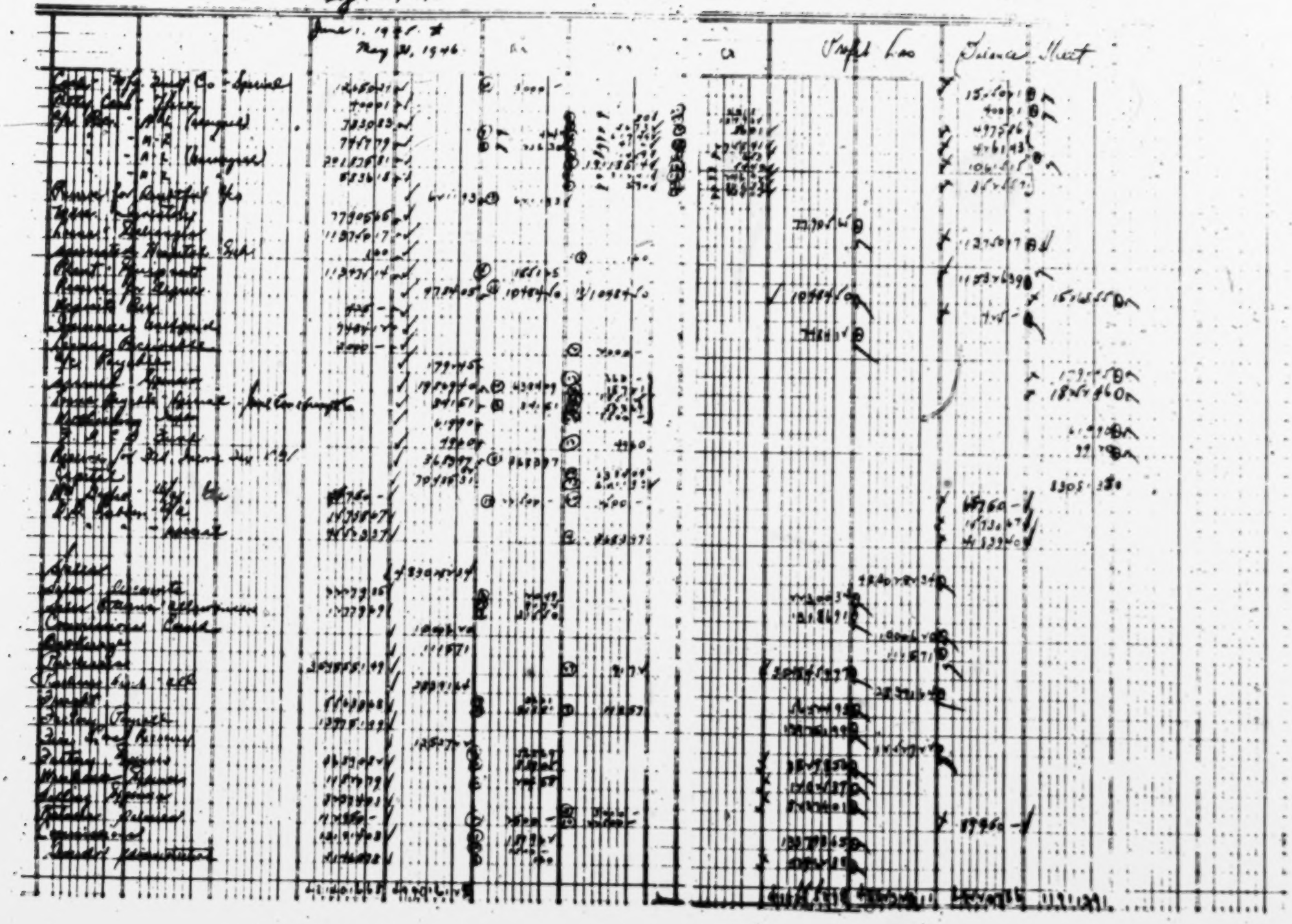
I think that this procedure should be made uniform, that we have a new bill typed with the prices actually paid and have the bill signed, approved by an authorized official. In this manner we can check the bills with some degree of certainty about the increase in prices. Code item Calsum and approved

The Bills rendered by Bernard Bean Co for April May might for 1000 — per month. The amount to be the increase over the previous bills rendered of 700 — per month. The bills could be checked in June 1945 and changed to Acctg. files.

[fol. 400]

DEFENDANTS' EXHIBIT 65K

Eatmore Food Products
Working Papers
May 31, 1946



[fol. 401]

DEFENDANTS' EXHIBIT 65N

Columbia Steel Co.
May 31, 1945
Notes to Purchases

Summary

(1) (L) Bill dated 5/8 from Pitts. Steel Co. inadvertently charged to Drop Shipments Entry Mdse. 11 00 — To Drop Shipments 11 00

(M) Bill dated 5/11/45 for 3 Pcs from Pittsburg Drop Forge Co. was charged to Warehouse Mdse instead of drop Shipments Entry Mdse. 19 80 — To Drop Ships. 19 80

(N) Bill from W.R. Ingersoll Mfg Co. for 27 96 Charged to Equipment. Was to Machinery Entry Factory Purchases 27 96 — To Equipment 27 96

(O) Bill dated 5/19/45 from Jas. E. Gates Co. for 77 08 was incorrectly charged to Supplies. Entry Charges 47 50. Hauling 29 58. — To Supplies 77 08

(P) The following bills to be accrued as of May entered in June Purchases.

5/27	Clark Co	66	
5/24	"	1970	
5/26	"	660	
5/31	"	99	
5/11	Allen Tool Steel Co	1970	Allen To Steel 5/9/45 Inv # 26 71
5/11	"	1950	26 71
5/11	"	1950	26 71
5/21	"	1645	26 71
5/11	"	1970	26 71
5/11	"	66	26 71
5/11	"	1970	26 71
5/11	"	1950	26 71
5/11	"	1950	26 71
5/11	"	1950	26 71
5/11	"	99	26 71
5/19	Clark Co	1955	27 [illegible] (Inv 27 [illegible])
5/31	Merchants Mfg Co	495	entered in June
5/31	"	495	
5/31	Pacific Intermountain Express Co.	1959	
5/31	"	1950	

(Q) (1) Bill from Pittsburgh Steel Co. 10 00 Credit in June

(2) Bill from Pittsburgh Steel Co. 14 91

(3) Agent Bills Entered in May See supporting Work Sheets

(4) Unentered Bills

5/10/45	A.B.C. Freight		18 60
5/13	Acme Fast Freight		5 00
5/15	"		5 00
5/17	Pacific Fast Freight		90 94
5/18	"		5 00
5/24	"		61 51
5/1-5/8	Blue Ribbon Trucking		15 00
5/1-5/15	"		15 00
5/15-5/22	"		15 00
5/15-5/31	"		15 00

June 1 Bill to be Purchased on May Statement 30 00

5/1-5/31	Blue Ribbon		30 00
5/1-5/31	"		50 00
5/1-5/30	"		93 00
5/1-5/30	"		90 00
5/19	Grand Rapids Storage Co		90 00
5/20	"		90 00
5/20	"		5 00
5/27	"		13 00
5/29	"		5 00
5/31	"		13 00
5/1	Intermountain Express Co.		6 00
5/1	Pittsburgh Valley RR Co		50 00
5/14	"		77 00

Defendants' Exhibit 65P

65-P

Ottawa Food Products Co

May 31, 1945

Notes on Purchases

(1)

(1a) Economy Baler Co, dated 4/30 extended to balance covering allowance on 194 invoice of $2.50, charged to the equipment acct. This entry balanced the split as follows:-

Equipment — No -
Sales Ledger — No

(2a) A.B.C. Freight bill dated 4/30/45 in the amount of $158.60 was paid although not authorized by any organization.

(3a) Acme Fast Freight bills dated 4/3 for $65 and 4/5 for $105 were not signed for payment.

(4a) In order to facilitate the handling of bills for purchases (book), I suggest pending the page numbers for the ledger, I should also suggest that the same procedure should also be provided on the bill just underneath the page number, Stamp (2)

(5a) The following bills have not been signed.

4/7	Pierce Fast Freight		90.94
4/9	"		50.94
3/24			61.81
4/1 - 4/15	Blue Ribbon Trucking Co		154.50
4/16 - 4/30	"		157.50
4/30 - 4/4	"		155.00

✓ Signed 30 bills for $3090 showed have been accrued on last months statement.

4/2 - 4/15	Quality Trucking Co	154.50

✓ Signed 30 bills for $3090 to be paid as per May statement

4/1 - 4/15	Blue Ribbon Trucking Co	305.00
4/1 - 4/15	"	247.70
4/1 - 4/30	"	915.00

✓ Signed 30 bills for 993.00 showed have been accrued last month

4/1 - 4/30	Blue Ribbon Trucking Co	906.00

✓ Signed 30 bills for 906.00 showed have been accrued last month

Brewsters, Inc. 1 Co bill dated 5/10/45 Weight per bill 56 lbs received 567 lbs.

Brent Refrigerating Company bills not signed as follows:-

4/9	94.05	4/17	✓	135.00
4/14	94.05	4/1	✓	57.44
4/10	50.16	4/20	✓	137.63

✓ Signed 9 - 43 bills for $70.95 showed have been accrued last month

65-Q

S 2 cp 143

Calsum Food Products Co.

May 31, 1945

Notes on Purchases

(1)

✓ P. J. Butler - Prop. Inc. bills were extended to the supplies acct. the bills are for lumber, nails etc. the amounts are as follows:-

4/9	703
4/28	70
4/28	3369
Total	4142

These bills should have been accrued last month.

(16) ✓ Close Co. billed us on 5/31/45 for 119808
This figure is not at one time given credit for the cost of our own cans. However, by the procedure the profit on the Prop. Supplies account would be inflated by the amount of the credit. The proper reversing should be made as follows:-

Prop. Purchases	119760	
To A/c Payable (Cans account may be Mchandise)		119808
		119760 ✓

in this manner the accounts reflect true conditions.

(10) ✓ We billed Walgreen Drug Stores at 5/7/45 # 4803 for $116.10 which is correct, however the amount to be extended to Prop. Sales Slip was $113.70 an allowance for alt. formation was given amounting to $1.60 leaving a balance due of 116.10

Correcting entry

Alt. Promotion	1.60	
To Prop. Sales		1.60

(10) ✓ Same entry re 5/1/45 # 4743 as above 1.20
(10) ✓ re 5/1/45 # 4918 as above 1.63

(a) We were informed that $ 30000 worth of cans were purchased under 30010 were billed out on this manner up to the present time. Cans purchased were charged to the Prop. acct. which is incorrect unless the inventory of cans at the time of the statement was credited against this account.

(18) ✓ Close Co # 5324 5/7/45 credit memo for cans amounted to 41.08 Net amount of 38.34 Charged to Prop. Purchases instead of 39.42

[Fol. 403]

DEFENDANTS' EXHIBIT 65Q

345

$ Sept 1943

Citizens Food Products Co
May 31, 1945
Notes on Purchase

(3)

May 1 ... Walgreen Drug Stores ... To original advertising & promotion ... Drug Sales ... 44 -
(12) 4 Walgreen Drug Stores adjust as above ... 1680
(12) 4 Walgreen Drug Stores adjust as above ... 44 40
✓ Clove Co. bill dated 4/7 ... 66 -
4/5 ... 66 -
Nine bills shown Drug Rec. accounts last month.
(17) Book date 4/30/45 - Columbus Std. Founders Co. ... 1867
Charged to Office equipment, Glass container
should be transferred to Std. Pkg.
account.
(19) Book for Confidential office furn. Co. &c.
Charge to Office equipment investment account
the Envelope staff.
$7 x 11 ... 70 - ... 70
$7 x 11 ... 120 - ... 120
$90 - ... $90 ... 1759
Entry to adjust
Stationery
to Office Equip. ... 70 ... 79
(14) Book for Confidential office furn. Co. &c. for ... 150
Charge to Equipment. Same amount Returned
be transferred to Office Expense account.
✓ Expense account of Cecil Calder for Week ending
4/28/45 in the amount of $27.60 shown Calder
bills earned last month.

65-S

XCR 1147

Calumet Food Products Co

May 31, 1945

Notes for Purchases

Bill dated May 1 1945 from Gantz Bros. Co.

(1a) We are charged with amount of 1015
for shipment to Kraus & Co. Stillman on Front St. line
Since sales have not been handled as yet because
stock not yet received and sales staff not trained
to the distribution this will not be billed by the
grocer account.

(2a) On the same bill we are charged with 6934
for shipment to S. Kraus & Co. Chas. Klein Inc.
not billed on May because discussion and omission
from sales staff. This amount was billed
on June 6, 1945 = 26239

3 Bill dated May 1 from Independent Brokerage Co
the amount of 1668 should have been accrued
last month.

(4a) Bill May 1 Intersectional Forwarding Co
for 6969 not agreed

(5a) Bill May 1 Lehigh Valley RR Co
for 109 63 not agreed

(6a) Bill May 1 Lehigh Valley RR Co
for 22463 not agreed

✓ (7) Bill dated 4/30/45 P & R R Co Interstate 431
shows have been accrued last month

✓ Bill dated 4/27 from Independent Brokerage Co
for 7660 shows have been accrued last
month.

✓ Bill dated 4/30/45 from Jackson Package Shipping Co
for 1348 shows have been accrued last
month

✓ Bill dated 4/30/45 from N.Y. Central for 1845
shows have been accrued in February statement

✓ Bills dated 4/30 = 4/28 from P.R.R. Co
for 431 = 431 shows have been accrued
last month

[fol. 405]

DEFENDANTS' EXHIBIT 65S

347

65-T

S 2GP 143

Calumet Food Products Co
May 31, 1945
Notes on Purchases

(6)

Prices for Unsalted Fine Lines Ice Cream
11/36 10.89
11/36 10.64
Should have been received last month.

(9) Bernard Bergen Co rendered bills for Grade May 1000 each only entered as costs for two lines. Other bills were entered in Gen'l Purchases.

(11) Bill from G V Clark dated Nov 30 1944 was charged to Sales in error at time of disp. thereof. The reason given was that the machine called for Blanton Biscuit Co. of 11/6/45 # W266 was approved verbally and instead of charging the Blanton subsidiary, the invoice was charged to Sales. Thus Blanton was not credited for this, offset by the difference of Discounts.

Billed to Burns
Charged by G V Clark
Net

(12a) Cicero The following (needles in jars)
Candy Co

11/1		60 —
11/15		2970 —
11/15		660 —
11/21		99 —
11/21	(Packed 11/6/45 (W717)	594 0
11/21	(W714)	198 0
11/21	(W713)	198 0
11/21	(W715)	198 0
11/21	(W711)	165 —
11/21	(W710)	495 0
11/21	(W712)	66 —
11/21	(W701)	297 0
11/21	(W702)	198 0
11/21	(W716)	198 0
11/21	(W704)	396 0
11/21	(W705)	99 —

Catalogue Food Products Co
May 31, 1945
Notes for Purchases

(7)

(1K) Bal from ... Co ... Charges to drop Shipment acct. This amt. is not ... are omitted from use of ... Co ... amt to be charged to Drop Shipment Acct and credit ... to Cash acct.

(1K) Close Co ... Same as above ... Shipped to Reorder Credit Cash

(1K) Close Co ... Same Shipment to Reorder Credit Cash

(1K) Close Co ... Planned to Reorder Credit Cash

(1K) Dairy dist Co Inv dated ... Charges to Drop Shipments ... Cage more

(1K) Bal from ... Co Inv dated ... (Omitted in June) Orders ...

Bal from Hotel Sherman ... for Check here been cleared Dist Records

Bal from Wald Novelty Co ... for Check on Cash acct cleared Records

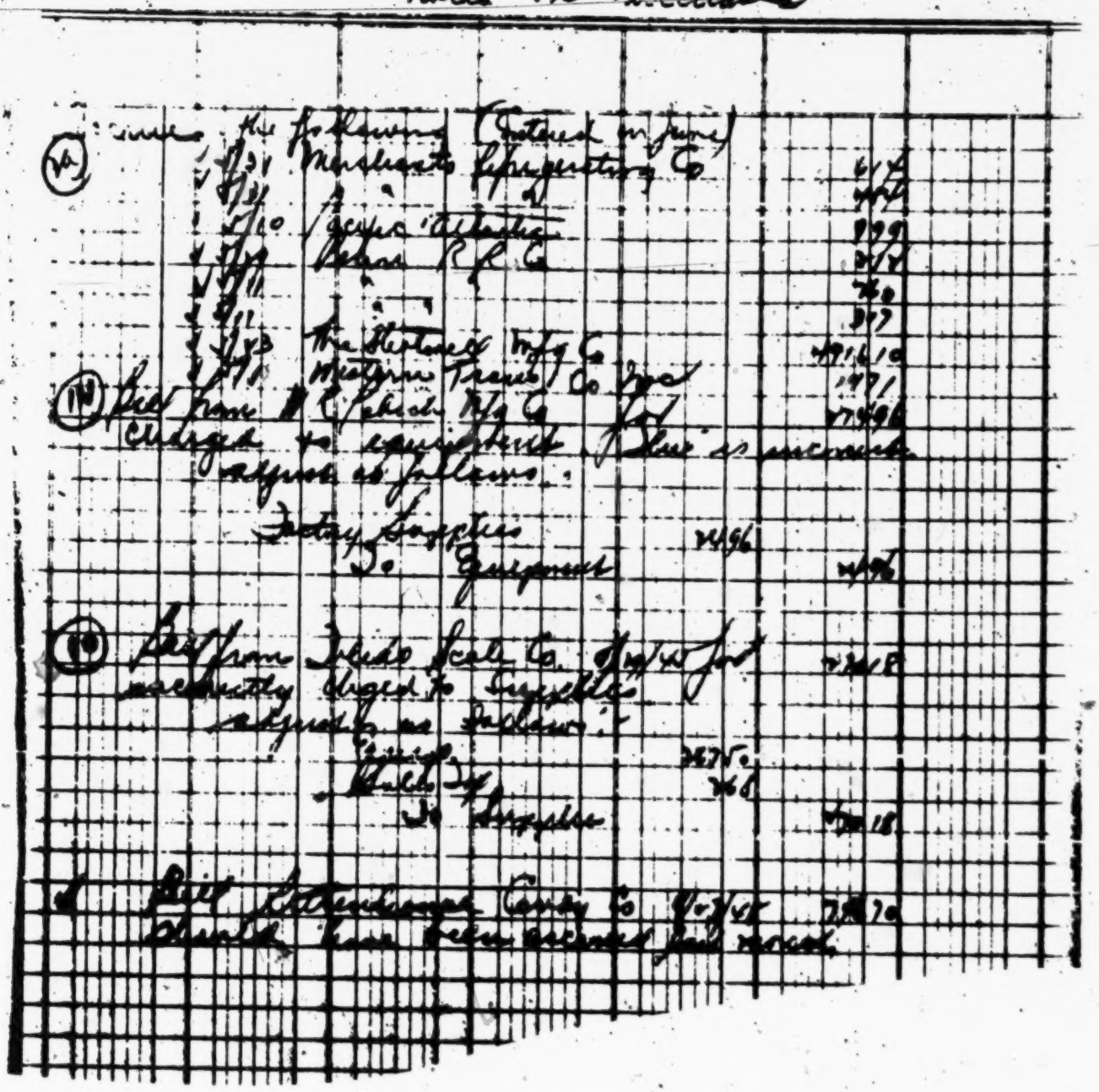
(1K) Bal from Kelly Soap Co dated ... for ... Cage to Warehouse what omitted by Drop Ship Invoice ... Charges over not right for drop order entry this difference Applied to Agency Charged by Kelly Soap

3 DAP 1/13

65-V

Calumet Food Products Co
Notes on Purchases

(8)



[fol. 409]

DEFENDANTS' EXHIBIT 65W

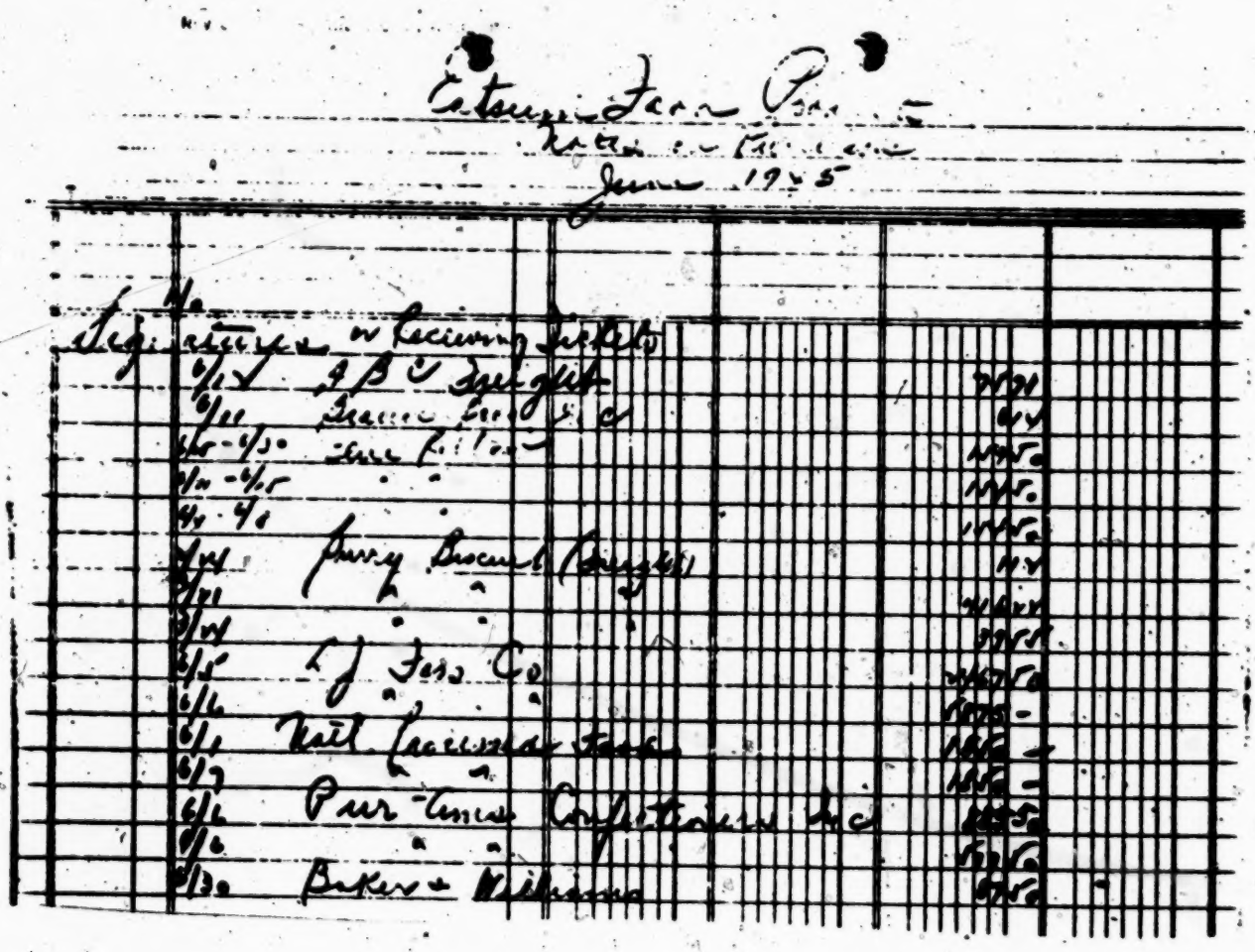
Letsum Food Products
Notes on Purchases
July 19[illegible]

The following Yellow corn was offered for examination:					
Page 17	8/28	Tyn Lima	7117 lbs	Mr. Cullen	
17	8/10	Penn RR	789	?	
16	8/18	Tyn Lima	770	Mr. Cullen	
17	7/23	Ind. Toledo	900	?	
	8/24	Pitts Logan	8800	Mr. Cullen	
	8/23	Chas. Dalton	1150	?	
16	8/20	Claude Jones	70037	Mr. Hill for Cullen & Clements Mach. Co.	

[fol. 410]

DEFENDANTS' EXHIBIT 65X

65-X



[fol. 411]

DEFENDANTS' EXHIBIT 66A

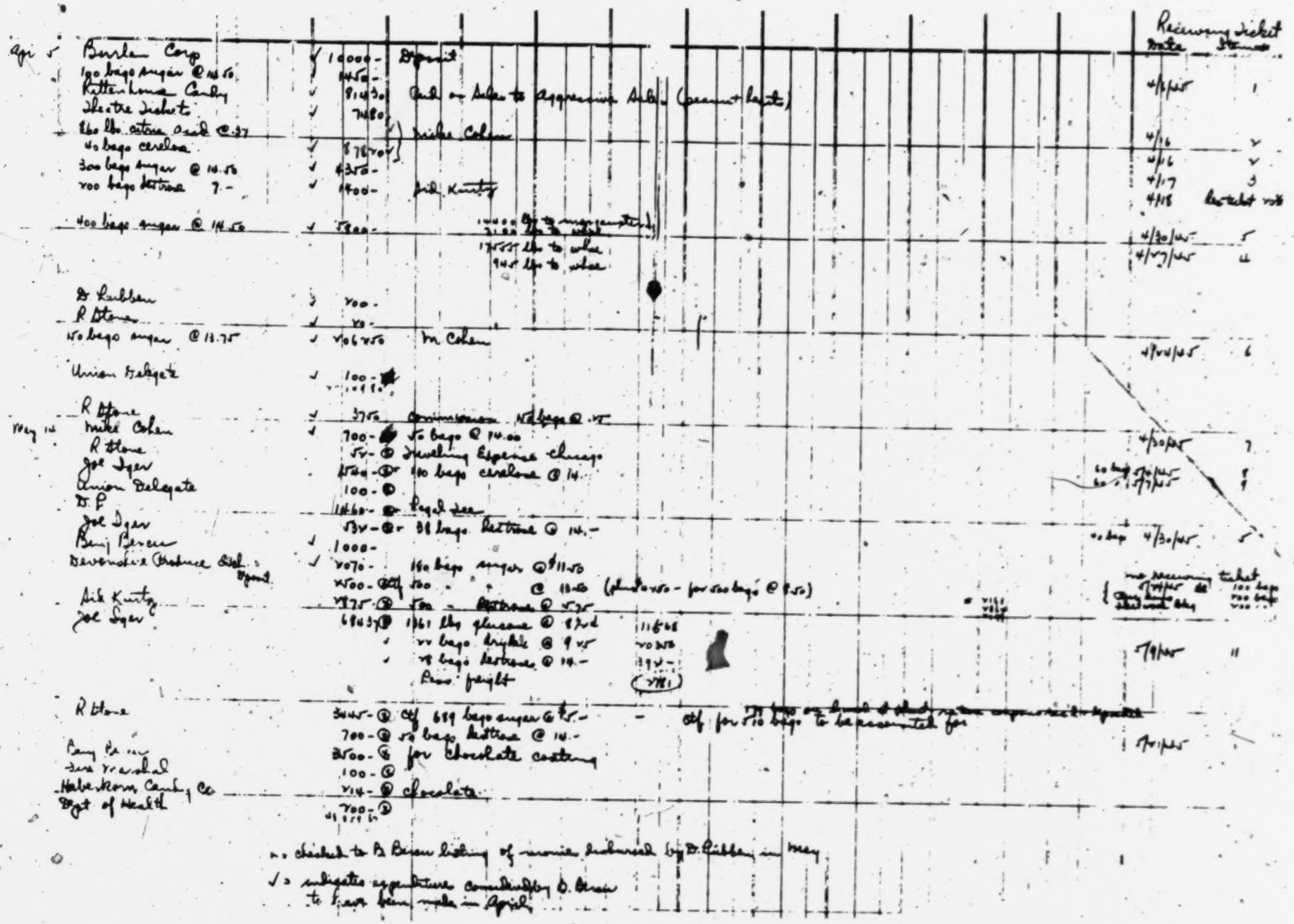
Currency Account
Dubrow

Date		Amount	Source
May 14		156 -	Left over from acct of Mr. Rubin - Home Store
		80 -	Advance by Mr Rubin
		197 13	Balance on hand (Dubrow) sold to Volpit Cleaning Power Co
	Iger - raisins	856 87	
	Exchange 4/6	42 00 -	
	Two Star Confectionery	634 66	Payments by M. L. to Dubrow workers
	Blue Ribbon Candy (Dubrow)	400 -	
	Nat'l Ornamental Iron Co	125	
	Mike Cohen	169 10	
	Lubow Corrugated Box	200 -	
	R Stone	483 00	Receipt March
	Pur Amo	400 -	1 cs Bags sugar @ 4/-
	B L	115 -	Profit on hand with party
	B L	48 98	" - cocoa shell
		3 [illegible] 78	
	Pur Amo	3700 -	100 bags sugar @ 16/-
	Two Star Confectionery	400 -	
	R Stone	3 [illegible] 78	1450 - Receipt March
	Iger	4785 -	Receipt
	M. R	3 [illegible] 78	Profit on cocoa shell
	D Publow	1 [illegible] 78	
May 17	Rubinson	2 [illegible] 78	1 carload candy
VI	D Publow	600 -	
VI	Wachtel	3 [illegible] 78	Exchange
VI	Rubinson	3000 -	Advance against notes
VI	Pur Amo	3 [illegible] 57 -	187 bags sugar @ 16/-
VI	Joe Reiter	1 [illegible] 78	6 cases Chocolate @ 32/4
	TOTAL	7 [illegible] 46	
		[illegible]	Receipt prior to 4/30
	30 9 [illegible] 10	[illegible]	Receipt prior to 4/30
	3 [illegible] 46.96	Balance per B Account	7 [illegible] 50

Currency Account

[fol. 413]

DEFENDANTS' EXHIBIT 66B



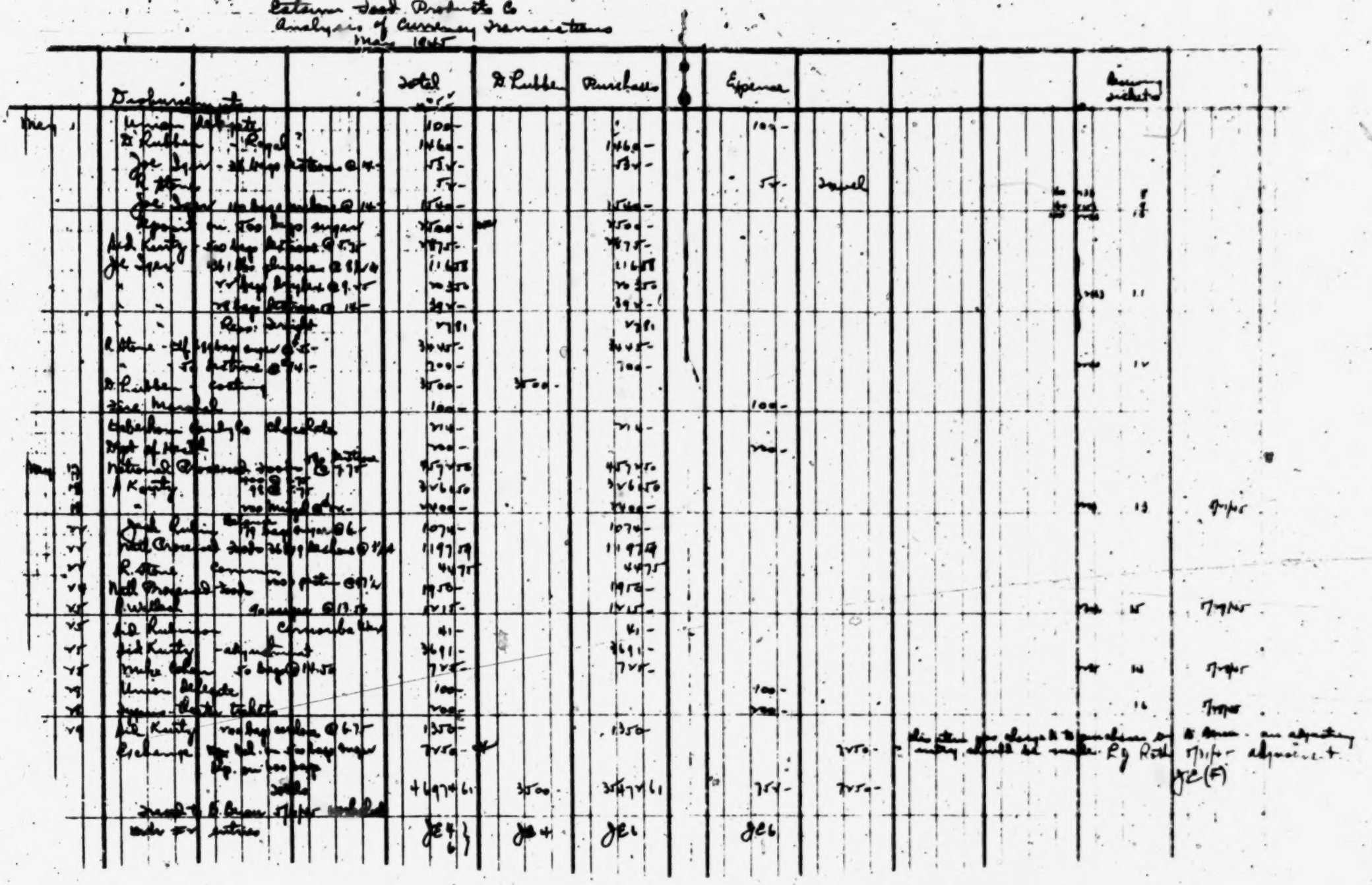
[fol. 414]

10,000.00
1,450.00
81430
7480
878.20
4,350.00
1,400.00
5,800.00
200.00
20.00
2,062.50
1,000.00
37.50
700.00
1,000.00
2,070.00
30,957.30

[fol. 415]

DEFENDANTS' EXHIBIT 66C

Eatern Seed Products Co
Analysis of Currency Manufacturing
May 1965



356

358

[fol. 417]

DEFENDANTS' EXHIBIT 66D

Catawba Food Products Co.
Currency a/c

May 1	Cash in bk & receipts subsequent to 7/1/45:		374698	374698
	D.L			15000 —
	D.L for D.L			4788 —
V1	D.L			600 —
	total			V413498 —
	Less:			
	May Drawings chargeable to D.L		3500 —	
			130348	
	total			133848
	Balance credited to D.L			76000
	Credit for D.L. Salary			VV50 —
	total credit to D.L			9850 —

[fol. 419]

DEFENDANTS' EXHIBIT 66E

5/5

Catawa Food Products Co
Analysis of Currency Account

Balance - May 1, 1945						13034 98
Additions:						
						419

DEFENDANTS' EXHIBIT 66F

"A" Catron Food Products Co
"B" Bacon - Analysis of Insurance Account
May 1945

			Total	D. Pubbe	Dako		E. Lange
		Receipts					
May	1	Balance	37498	37498			
	1	D. Pubben	15000-	15000-			
	1	D. Pubben (Ck pay paid by D.P. in Jan. Refunded to him & put into cash acct by him)	478.-	478.-			
	21	D. Pubben	600-	600-			
	1	Accr. Recd	744-		744-		
	17	Rubinson (cancel of ck by	5493-		5493-		
	21	J. Wachtel - Commission	36750		36750		
	24	Rubinson - Note - a against note	3000-		3000-		
	28	Dan Arms 197 Lbs sugar @ 16	3154-		3154-		
	25	Joe Reuter	3768		3768		
	17	Refunds	758-				758-
		Total	47155 16	14184 91	15770 18		758-
				13.394 91			

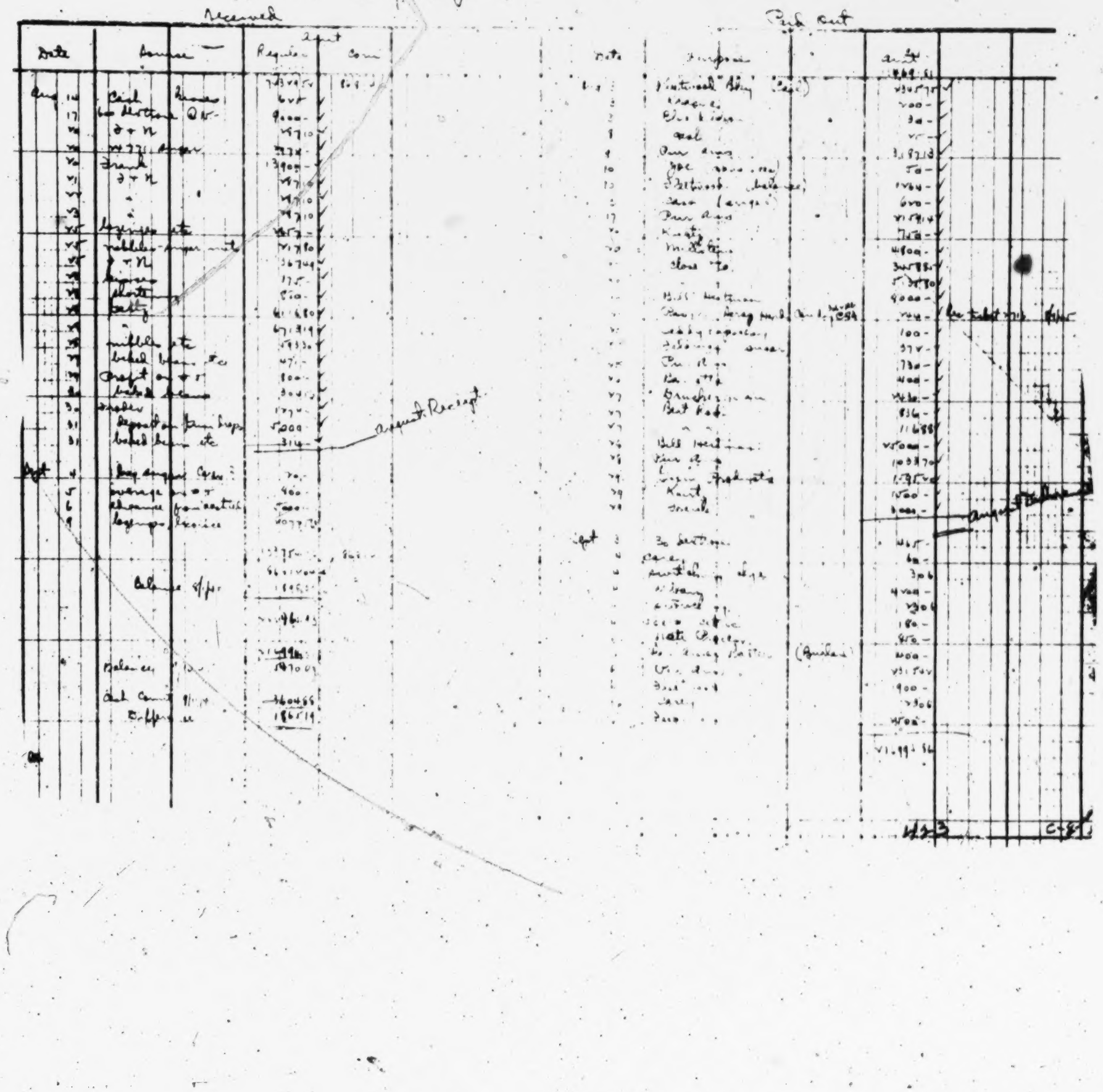
The above items were checked against B. Bacon's record of currency transactions and against the record of transactions for the period of April + May submitted by their Salesmen

	Total Receipts	47155 16
	Total Disbursements	46997 61
	Balance	157 55

4-21

[fol. 423]

DEFENDANTS' EXHIBIT 666



Received from Sam Krane

4/1/53

[fol. 425]

DEFENDANTS' EXHIBIT 66H

Analysis of Currency a/c
August 1945

Date	Sions	Whom rec'd		and	Sales	Exchange	Bonus	Purchases	Generals			
		Brought Fwd			30 1 V 48	6367 -	39400 -		117 3 9			
aug	V2	Walco		V50503			V50503					
	V3	Valpet		V49504			V49504					
	V4	Imbert Co		V50865			V50865					
	V8	Walco		V51240			V51240					
	V9	Imbex Cable		V30310			V30310					
	31	A.G. Serv		V37147			V37147					
	31	✓		V35111			V35111					
	31	✓		V35111			V35111					
	31	✓		V37211			V37211					
	31	✓		V37095			V37095					
			£	171 99695	30 1 V 48	6367 00	66 39 95	—	117 3 9			

125

Catawba Food Products Co
Currency Account
January 1945

		Receipts	amt	Sales	cash Burlan
May		10 Drums Glucose			
		Baked Beans & Kisses			
		21 bbls Beans & Hearts			
		10 bbls			
		Profit on ☞			
		300 boxes sugar mdse			
		Cash for Millstein			
		Profit on Casting			
		Sid Rubinson 1710 lbs @			
		Hotwell to Winkler @			
		Pure Dixie Peanuts			
		Root Beer Bbls			
		Hotwell to A.A. 40 98 lbs			
		Pure Kwity 3600			
		Root beer bbls			
		Cash Sale			
		Hotwell to Price			
		Burlan			
		Almonds			
		Pure Dixie 3 mos ☞			
		Burlan			
		Cert for 185 bags			
		Cash sale			
		Common mdse			
		Cash sale - Leroy			
		" " Peanut Hearts			
		" " Risonia			
		" " "			
		Common mdse			
		Risonia Jones			
		" 1bags			
		Hotwell to Rubinson			
		Profit on ☞			
		Excess Unearned Int Rec			
		Total			
		Balance Thrift			
		Pure Dixie Peanuts			
		Balance Thrift			

427

[fol. 428]

DEFENDANTS' EXHIBIT 66J

66-J

Summary

Analysis of Cash Receipts

July 1945

Date	Drawn whom	Amount	Sales	Purchases	Exchange Price per Unit
July	[illegible]	39375	39375		
	1000 Sussman	997-	997-		
	Robinson	38510	38510		
	Wagtz Snyder	850	850		
	Hedwig	17870	17870		
	Bert Roth	3000-		3000-	
	" "	6000-		6000-	
	" "	10000-		10000	
	Curry Discount Co	19358			19358
	Chk for Straight	3991			3991
	Bert Roth	4000-		4000-	
	Andy Pappas	4682	4682		
	Bert Roth	1600-		1600-	
	Arch Robinson	600-	600-		
	"	1375-	1375-		
	"	16475	16475		
	"	3460	3460		
	Bert Roth	9105-		9105-	
	Cash	3760	3760		
	Wm Kramer	1375-	1375-		
	Arch Robinson	43173	43173		
	P Orphanos	1504-	1504-		
	Bert Roth	11934-		11934-	
	Mutual Cab Co	37437	37437		
	Cash (receipt on [illegible] Book)	4775-	4775-		
	P Orphanos	5460	5460		
	Cash	4900	4900		
	Rosalie Fisher Shop	3625-	3625-		
	Cash	1700-	1700-		
	Bert Roth	5000-		5000-	
	Bert Roth	600-	600-		
		69710	19375	47435	3991 19358

428

[fol. 429]

DEFENDANTS' EXHIBIT 66K

66-K

Payments to Hen. Best Co
during July 1945

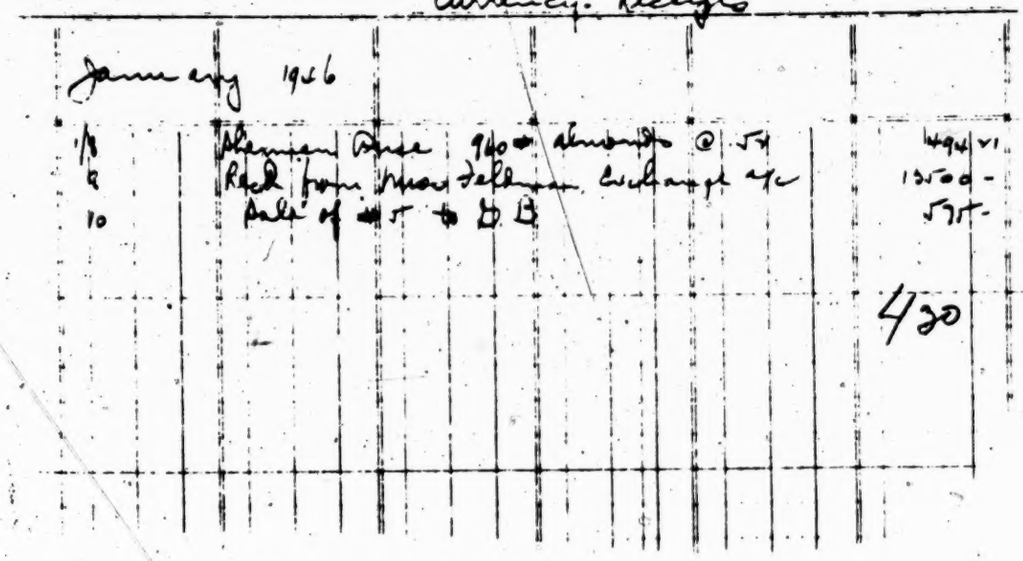
chq				amt	Ex Currency	Dif	pd out
134	7/5		a	1730 -	17 400 -	340 -	357 -
160	7/9		b	5445 -	4800 -	405 -	4 195 -
187	7/17			810 -	810 -	—	299 40
250	7/24	cancelled		1197 40	1197 40	—	100 -
442	7/27	"		500 -	500 -	—	
				4786 -		345 -	91 60
				0			345 -
				9560			1161 40
							956 40
						Overpd	205 00

[fol. 430]

DEFENDANTS' EXHIBIT 66I.

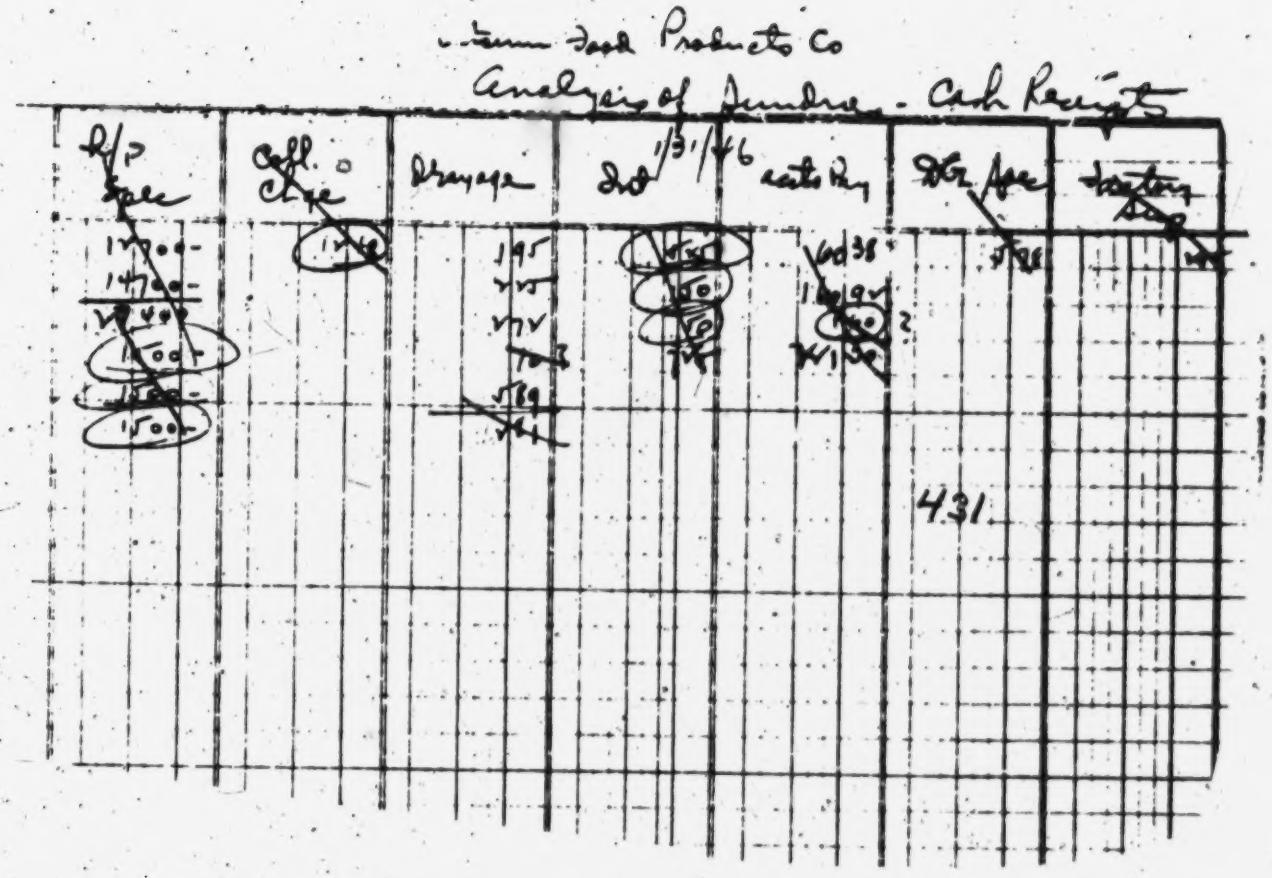
Estamin Food Products Co

Currency. Receipts



[fol. 431]

DEFENDANTS' EXHIBIT 66M



Currency remittances - July 1945

Cash Received

Date		from whom	amt	for what
July	3	Cash	39375	Lectrode
	3	-	797 -	
	3	- Robinson 1413m Alert	3815.10	no invoice
	3	- Wade gauges	850	
	5	- 3000 - 1945 licenses	1708.70	
	6	Best Rock	2000 -	
	6	" "	4000 -	
	9	" "	10000 -	
	9	Murray Betenat	191.25	equal balance auto
	9	Cash Lewis for fuel	219.81	400 bags Lewis sugar
	11	Best Rock	4000 -	
	11	Cash Wade	446.50	
	11	Best Rock	1700 -	
	11	Sid Robinson	600 -	2000 lbs licenses
	11	" "	1275 -	Regular Auction
	16		1614.75	2000 Dynamite
	17	Cash	534.60	1900 lbs licenses
	19	Best Rock	1105 -	
	19	Cash	3760	75 - 40% licenses
	20	Cash Quin Lewis	1345 -	
	20	Sid Robinson	3181.74	2105 lbs Cord Gravity
	20	A. Wade	1104 -	Detonators
	20	Best Rock	1178.74	
	20	Mike Cole	3736.37	4825 lbs Quin Lewis
	20	Cash	1254 -	Detonators
	20	A. Wade	1000 -	Detonators
	20	Cash	1000 -	Detonators
	20	Lewis & Best Rock	1744.50	1800 lbs Gravity
	20	Cash	1744 -	1800 lbs Gravity
	20	Cash Best Rock	600 -	700 lbs Detonators
	20	Cash	4981.74	
Balance July 1			8455	
			47164.93	
			47164.93	
Balance Aug 1			29903	Aug 1945

4432

[fol. 432]

DEFENDANT'S EXHIBIT 66N

365

[fol. 433]

Analysis of Currency A/c
August, 1945

Receipts

Date		Drawn	Exchange	Paid	Amt	Sales	Exchange		Bank	Purchases	Renewal
8/1/45	Cash - Reserve				45144	45144					
3	Hubee Coker				400	400					
8	Hunt + Watt - mid				76414	76414					
8	" S				19750	19750					
8	" N				76414	76414					
9	" N				75767	75767					
9	76 bags				7500	7500					
10	Standard				1500				1500		
13	" N				75765	75765					
13	Jack				50		50				
14	Kapoor				6500	6500					
17	600 Beatrone @ 15				9000	9000					
20	" N				78710	78710					
20	4771 Angrau				7970	7970					
20	Standard				13900				13900		
21	" N				78710	78710					
22	"				78710	78710					
23	"				78710	78710					
24	Page gr				7657	7657					
25	Rubber Angrau				71780	71780					
27	" N				36749	36749					
28	Kapoor				175	175					
28	Rotterdam				880	880					
28	Barty				61680	61680					
28	Barty				47123				S.P. Iyer	47123	
28	Rubber Ltd				79330	79330					
29	Basil Hearn gte				471	471					
29	Profit on sale				800	800					
30	Basil Hearn				30450	30450					
30	Brokers				11750	11750					
31	Regn from Comm Drogs				75000				Regmt	75000	
31	Bobak Hearn etc				314	314					
9/6	Wallace				1500		1500				
6	"				16791		16791				
7	"				75000		75000				
7	"				75000		75000				
8	"				48375		48375				
12	"				48360		48360				
17	"				850		850				
18	"				49784		49784				
29	" (Burlam)				5000		5000				
30	"				10000		10000				
	W J Wright				9000			9000			
	W J Wright				15000			15000			
					4485200	301791	1636100	39400		1171319	

[fol. 435]

DEFENDANTS' EXHIBIT 66P

Analysis of Currency Transactions other than Coins - August 19-

Cash Received

Date	From Whom	
Aug 3	Mike Cohen	
	Joe - Room	

[fol. 436]

Received from Sam Kraine

4/1/53

[fol. 437]

DEFENDANTS' EXHIBIT 66Q

Analysis of Currency a/c
August 1945

Date	Received from or Paid to Whom		Amount	Purchase	Freight		Expenses	Commission	Exchange	Deposit	Unaccounted	
Aug 3	Fleetwood Bakery		V345 75	V345 75								
3	Kiyoame		V00 -				V00 -					
3	Blue Ribbon		30 -		30 -							
6	Cash		V5 -	V5 -								
9	Pan Am		3 187 13	3 187 13					V0 -			
10	Joe Fleetwood		V0 -									
10			1V64 -	1V64 -								
13	Sugar		6V0 -	6V0 -								
17	Pan Am		V 159 14	V 159 14								
V0	Kirsty		750 -	750 -								
V0	Millstein		4800 -	4800 -								
V0	Close to		2V 785	2V 785								
V0	Close to		5 135 80	5 135 80								
V0	Bill Heitman		8000 -							8000 -		
V1	Sugar Hard Candy		V44 -	V44 -								
V5	Sally Rapaport		100 -				100 -					
V5	Sugar		37V -	37V -								
V5	Pan Am		730 -	730 -								
V6	Baratta		400 -	400 -								
V6	Triangle Paper		V43 0 -	V43 0 -								
V7	Best Rock		836 -					836 -				
V7			11688					11688				
V8	Bill Heitman		V5000 -							V5000 -		
V8	Pan Am		10 3370	10 3370								
V9	Triangle Products		1 V85 20	1 V85 20								
V9	Sid Kurtz		1500 -	1500 -								
V9	Triangle		2000 -							2000 -		
6	Reader Novelty Co.		1500 -	1500 -								
6	Matt Brownell Jewels		850 -	850 -								
6	Charles Jewels		116V581	116V581								
7	Triangle Paper file		V5000 -							V5000 -		
9	Matt Brownell Jewels		484375	484375								
10			490360								490360	
V7	Matt Brownell		850 -	850 -								
V8	Heath Distributing Co.		4947 84	4947 84								
V8	Burden Corp		5000 -								Burden	5000 -
V8	Feldman		V500 -						V500 -			
V8			1500 -						1500 -			
V8			V508 -						V500 -			
V8			4 69 69 0						4 69 69 0			
V1			V1 V581						V1 V581			
V1			V000 -						V000 -			
V5			500 -						500 -			
V8			V50 -						V50 -			
V9			10 51 16						10 51 16			
			135 9V 137	4 46 7 92	30 -		200 -	8 V88	17 173 67	61 000 -	490 360	

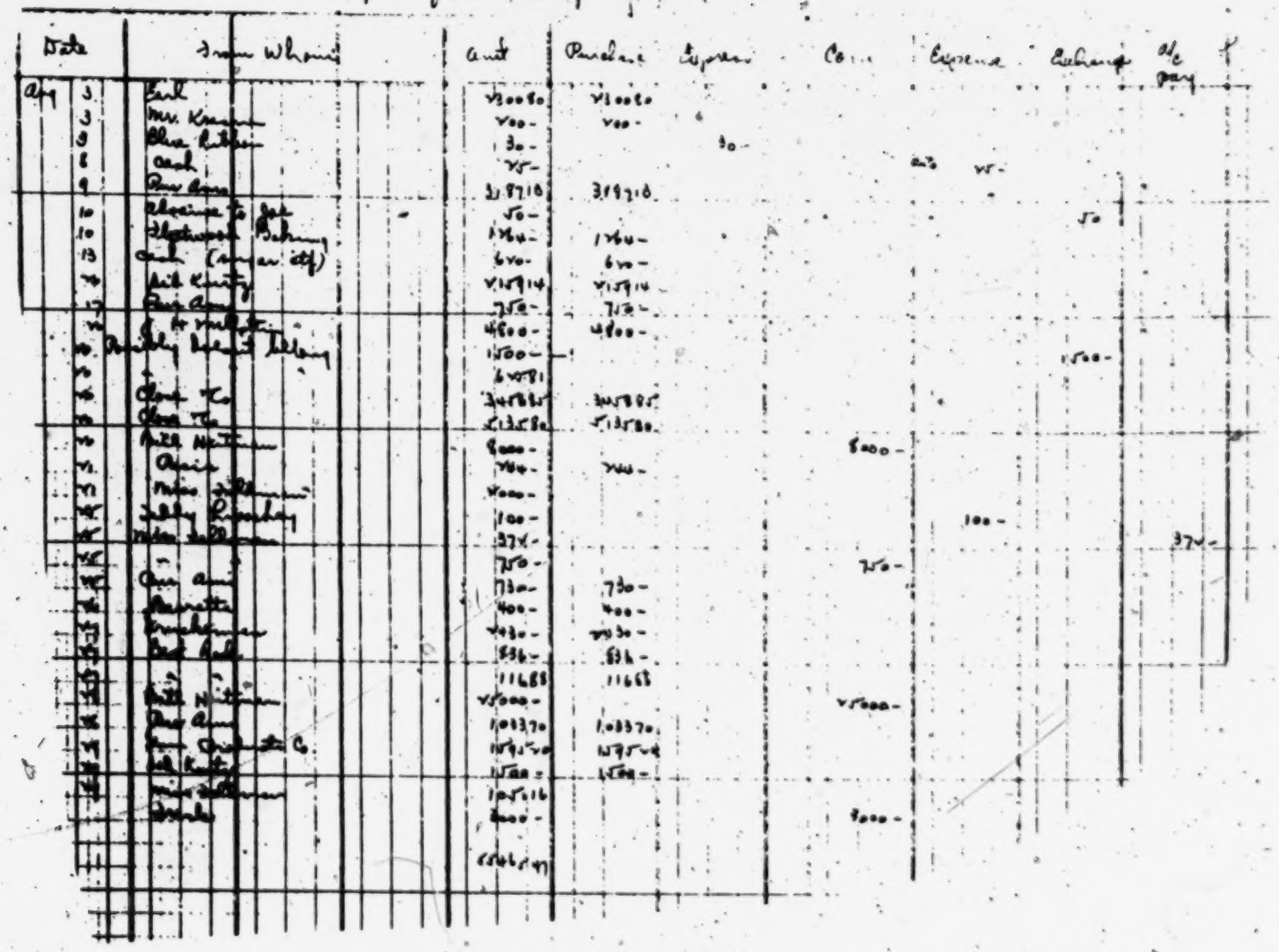
DEFENDANTS' EXHIBIT 66R

(See Opposite) ☞

[fol. 439]

DEFENDANTS' EXHIBIT 66R

Currency Card - August 1945
Analysis for bookkeeping purposes


Date
From Whom
Amt
Purchase
Expense
Co...
Expense
Exchange
A/c Pay
Aug
Earl
Mrs. Kramer
Clara Kibler
Carl
Rev Acres
Clarence to Jet
Hazlewood Behring
Carl (Arnan etc)
Art Kirby
Rev Acres
Clark Mo
Clara Mo
Acct Mo
Clara
Mrs Hazlewood
Mrs Behring
Carl
Hazlewood
Behring
Art

[fol. 440]

Received from Sam Krane

4/1/53

Reconciliation of Cash in Box # 2

10/10/45

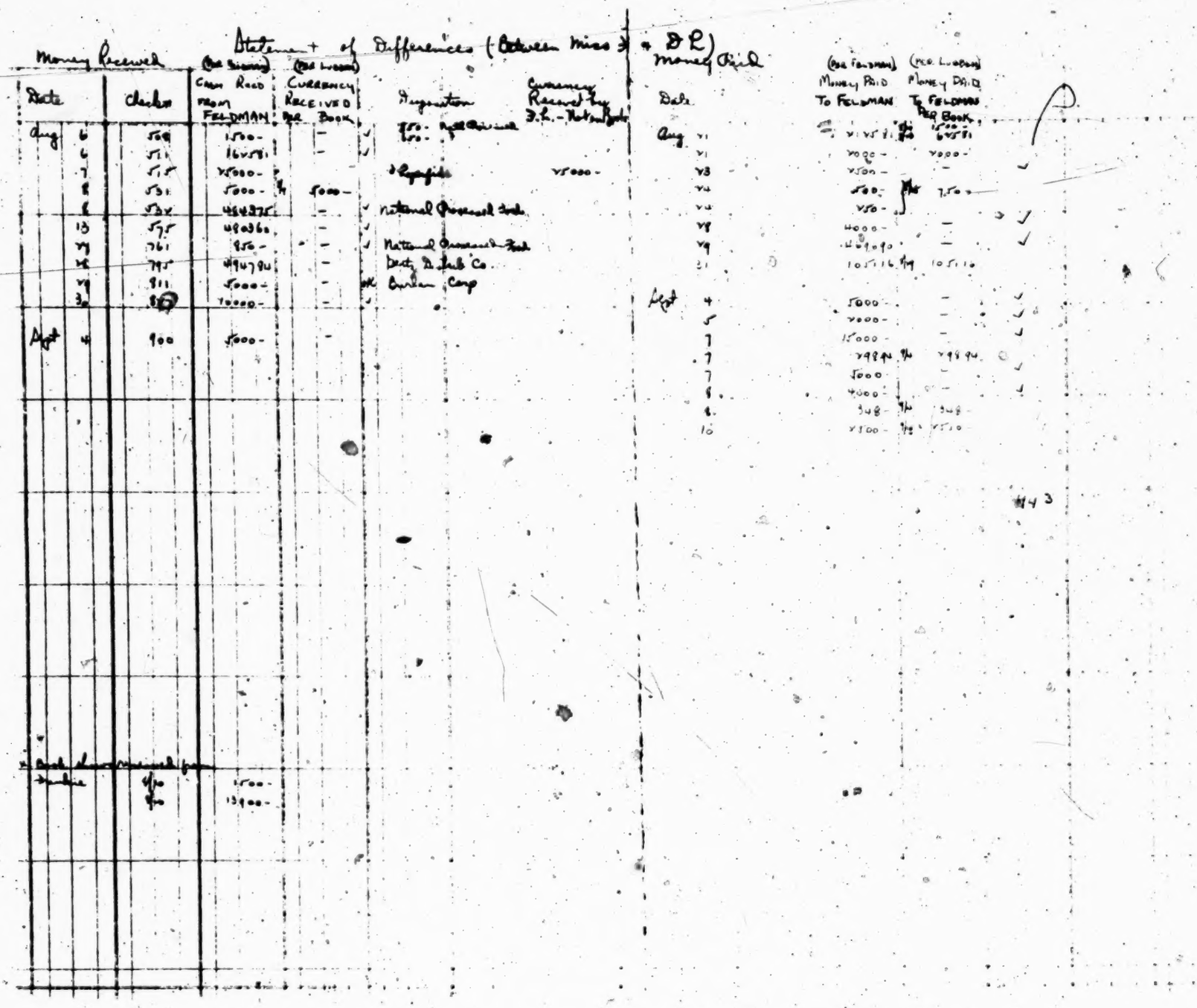
Cash Received from Corn Deal		¥16955.01
Borrowed from Petit		¥7000.-
		¥4395.1.01
Cash paid out on Corn Deal		
Harris	¥3000.-	
Reid	79.100.-	
	13¥100.-	
Major Ryan	¥000.-	
F & R for Bill Stiglio	1500.-	
Steve Lubben	9673447	145¥70.47
		9868.54
Cash following cash not yet received		
1/3 Baum	184¥83	
Trenchemann	5804.54	7147.37
		91533.17
Recd. advance to Bill Heitmann		300.-
		91¥33.17
Less credit on Volpit % for shortage in weight		37.13
		91196.04
Cash Count (per tab)	¥63808.	
DO (1 from Box # 1 (Stel-Lubben)		
# DO 4 from Box # 1 for purchases	665.¥84	
	9¥4836.4	
Recd. Advances Via Borrows	168891	
	911.9473	
Differences		131
	665.¥84	
Recd. transfer to Box # 4		
Payment to Bill Brownfield	17¥4394	
Balance	49¥5890	

[fol. 441]

DEFENDANTS' EXHIBIT 66S

[fol. 443]

DEFENDANTS' EXHIBIT 66V



Statement of Differences (Between Misc # + D R)

Money Received

Date		Checks	(Per Feldman) Cash Rec'd from Feldman	(Per Ledger) Currency Received per Book	
Aug	6	508	1500-	-	✓
	6	511	16758	-	✓
	7	515	15000-		
	8	531	5000-	5000-	
	8	534	484375	-	✓
	13	575	480360	-	✓
	19	761	850-	-	✓
	26	795	494794	-	
	29	811	5000-	-	
	30	827	10000-	-	✓
Sept	4	900	5000-	-	

Book shows received for checks

	500	1500-
	900	13900-

Statement of Differences (Between Misc # + D R)

Date		Signature	Currency Received by D.R. - Retained Profits
Aug	6	500- Ryan Aviation	
	6	500-	
	7	Rapaglia	15000-
	8		
	8	National Research Bank	
	13		
	19	National Research Bank	
	26	Dealy D. Lab Co.	
	29	Durham Corp	
	30		
Sept	4		

Money Paid

Date		(Per Feldman) Money Paid To Feldman	(Per Ledger) Money Paid To Feldman Per Book
Aug	11	15000-	15000-
	11	10000-	-
	12	15000-	-
	13	500-	750
	15	750-	-
	18	40000-	-
	19	480960	-
	21	10515 16	10515 16
Sept	4	5000-	-
	5	10000-	-
	7	15000-	-
	7	49894 94	49894 94
	7	5000-	-
	8	4000-	-
	8	948-	948
	10	15100-	15110

443

[fol. 444]

Received from Sam Krane

4/1/53

2CA 143

Catsum

Exceptions.

(1) Loans Exchanges

What shall we do with this amount?

Charge off against Capital or charge the Purchase acct.

The amount to be adjusted is 113 150.17

(2)

Machinery Equipment

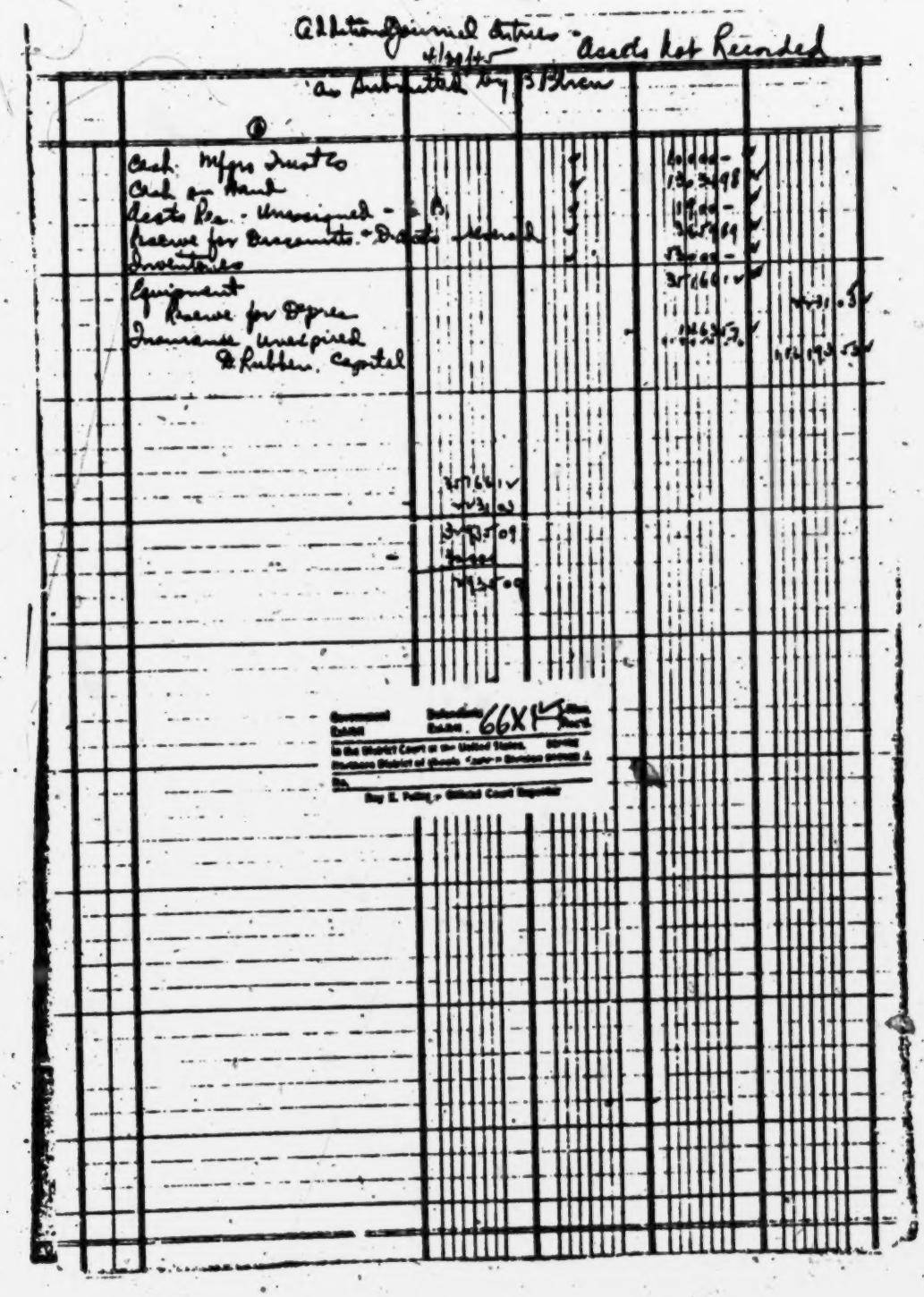
Shall we write off the plant 4/c as sold to Denal Coy. for $2v5000 — ?

or shall we write off the plant' fixtures as sold to Denal Coy for $2v5000 — ?

or shall we show the amount fixtures taken over by American Hosts at net book value.

[fol. 446]

DEFENDANTS' EXHIBIT 66X



Catawba Food Products Co.

Inventory Summary
July 31, 1945

Finished Merchandise		4836.30
Goods in Process		999.70
Raw Material		54,160.93
Packing Material Inventory		33,094.91
Merchandise in Public Warehouses		104,709.92
	Total	249,561.76

Adjustments to Bircan figures

1- add 10 bags almonds 11 lbs = 110 lbs @ 79 — 87.80
194 bags on Bircan's summary (factual mine)
190 = actually on hand
10 difference

2- Merchandise in transit
Carload of 75,600 lbs Peanuts @ 7.00 per 100 lbs
Shipped to Watkins Transportation Co
Los Angeles, Calif
Weight on above — (Whittenburg Co) (Wt) 75,600

3. The following invoices of the Mer-Bert Co (not included)

7/18/45	500	5 bags assorted fruit extract	81.05
7/7/45	2250	9 gal flavored sugar	56.25
7/7/45	3	bags shelled almonds	58.35
	1	bbl chocolate fudge base	199.60
	4	bags fondant	3.98
	6	bags fancy shelled almonds	104.08

4. Lee Chocolate Co Merchandise received 7/6/45 at plant but not entered in purchase book until August — 97.80

5- Claude Jones Carload of peanuts received 7/7/45 — 50,075 lbs @ 15¢ — 7,511.25

Add Commissions as above — 376.00

6- Add Inventory differences per schedule attached — 74,150.50

Total Inventory 7/31/45 — 324,049.31

[fol. 448]

DEFENDANTS' EXHIBIT 67A

THE HUBINGER CO.

PURE CORN PRODUCTS KEOKUK, IOWA ESTABLISHED 1901

SOLD TO THE RUSSELL MFG. CO. 3201 S. PULASKI AVE. CHICAGO 51, ILLINOIS

SHIP TO SAME

REFER TO INVOICE NO. 691 INVOICE DATE 11-30-46 ORDER NO. 18035

SHIPPED VIA GATX 15497 DATE VIA (1200-200-20)51 F.O.B. KEOKUK TERMS 2% 10 NET 11 CHICAGO

TYPED BY _____ CHECKED BY _____

EXTENDED BY _____ CHECKED BY _____

☐ CONFIRMATIONS

☐ WAREHOUSE RELEASE COPIES

LOADING TICKETS 3 4 5 6 7 8

INVOICE: SHIPPER'S COPY 1 2 3 4 5 6

SHIPPED BY THE HUBINGER CO. CHICAGO

WEIGHT	UNIT CODE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK GLASSIC STARCH			
1	TANK CAR LOT OF CORN SYRUP SOLIDS (Subject to [illegible]) (NEAREST PRICE DATE OF SHIPMENT)		3.09 CWT.		8949.71

67A

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself on a violation of the Robinson-Patman Act.

46-3004-3-48

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty [illegible]

[fol. 449]

DEFENDANTS' EXHIBIT 67B

THE HUBINGER CO.

PURE GRAIN PRODUCTS KEOKUK, IOWA ESTABLISHED 1854

SOLD TO

SHIP TO SAME

TERMS

TYPED BY _____ CHECKED BY _____

EXTENDED BY _____ CHECKED BY _____

☐ CONFIRMATIONS

☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS 3 4 5 6 7 8

INVOICE: CUSTOMER'S COPY 1 2 3 4 5 6

		QUICK ELASTIC STARCH			
1		BBLS 665 LBS QK GOOH SYRUP UNMIXED	3.09 CWT.		2016.63
		(MARKET PRICE DATE OF SHIPMENT)			

67B

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defendant himself as a violator of the Robinson-Patman Act.

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other ch... -- imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

386

[fol. 450]

DEFENDANTS' EXHIBIT 67C

THE HUBINGER CO.

PURE GRAIN PRODUCTS KEOKUK, IOWA ESTABLISHED 1901

CUSTOMER'S ORDER NO. & DATE L 8-8-46 DATE SHIPPED 8-9-46 $8090

REFER TO INVOICE NO. 1386 INVOICE DATE 8-9-46 ORDER NO. 1078

SOLD TO THE SUDDELL MFG. CO. 3501 S. POTOMAC AVE. CHICAGO 31, ILLINOIS

SHIP TO SAME

8-9-46 IF POSSIBLE-SELLERS OPTION

SHIP WHEN 8-9-46 SHIP INSTRUCTIONS GATX 57865 ROUTE VIA GB&S-SRS-CMSTP SHIPPED ON INVOICE DATE FROM KEOKUK F.O.B. CHICAGO

TERMS. 2% 10-EOM 60

TYPED BY____ CHECKED BY____

EXTENDED BY____ CHECKED BY____

☑ CONFIRMATIONS

☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS 3 4 5 6 7 8

INVOICE: CUSTOMER'S COPY 1 2 3 4 5 6

PAY DRAFT TO THE ORDER OF THE HUBINGER CO. CHICAGO

SALESMAN

WEIGHT	TARE		DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
			QUICK CLASSIC SYRUPS			
1			TANK CAR LOT OF CORN SYRUP UNREFINED 1,367,640 LBS. 1,217,000 LBS. 92.25% (MARKET PRICE DATE OF SHIPMENT)	3.09 CWT.		8957.35
			OUR RECORDS ONLY. CHARGE AGAINST CORN PURCHASED			

3.34

S 2C 13-43

FILED

67-C W

CAUTION: Delegation of powers of such attorney when signing bills of lading may place the buyer in the position of becoming himself a "broker" under the Interstate Commerce Act.

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the products herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 451]

DEFENDANTS' EXHIBIT 67D

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1901

TYPED BY _____ CHECKED BY _____

EXTENDED BY _____ CHECKED BY _____

☐ CONFIRMATIONS

☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS: 3 4 5 6 7 8

INVOICE: CUSTOMER'S COPY: 1 2 3 4 5 6

TOMER'S ER & DATE L 1-16-46 $6184
E ENTERED 1-21-46

REFER TO INVOICE NO. 1671
INVOICE DATE 2-15-46
ORDER NO. 1388

OLD TO: THE SHOTWELL MFG. CO.
3501 S. POTOMAC AVE.
CHICAGO 51, ILLINOIS

IIP TO: SAME

F WHEN INITIALS SHIPPED TE: GATX 2169 VIA CBAQ-BRC-CMSTP

INVOICE DATE FROM: KEOKUK

F.O.B. CHICAGO

ERMS. 8% 10 NET 11

PAY BROKER THE HUBINGER CO. CHICAGO

SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
		TANK CAR 43° OR CORN SYRUP UNMIXED 150000#...43400#...946800#	3.09 CWT.		2923.76
		(MARKET PRICE DATE OF SHIPMENT)			
		OUR RECORDS ONLY; CHARGE AGAINST CORN PURCHASES			

5726 143

6710 W

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

451

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 452]

DEFENDANTS' EXHIBIT 67E

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1901

STOMER'S DER & DATE TE ENTERED L 3-4-46 3-4-46

REFER TO INVOICE NO. 2264
INVOICE DATE 3-4-46
ORDER NO. 3087

SOLD TO SHOTWELL MFG. CO. 3501 W. POTOMAC AVE. CHICAGO 5, ILLINOIS

SHIP TO SAME

SHIP W CAR INITIALS HOW SHIPPED ROUTE VIA TRUCK COLLECT

TERMS. 2% 10 NET 11

ED ON ICE DATE FROM KEOKUK

F.O.B. OUR PLANT

TYPED BY _____ CHECKED BY _____

EXTENDED BY _____ CHECKED BY _____

☐ CONFIRMATIONS

☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS 3 4 5 6 7 8

INVOICE: CUSTOMER'S COPY 1 2 3 4 5 6

PAY BROKER THE HUBINGER CO. CHICAGO

SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
21	[redacted]	[redacted] QUICK ELASTIC STARCH, 2100# MULTIWALLED PAPER BAGS	4.59 CWT.		96.39

(MARKET PRICE DATE OF SHIPMENT)

OUR RECORDS ONLY,
#55 THIN BOILING

OUR RECORDS ONLY
CHARGE AGAINST
CORN PURCHASES

67E

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

46-30M-2-45

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the articles herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 453]

DEFENDANTS' EXHIBIT 67F

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1881

CUSTOMER'S ORDER & DATE: L 1-30-46 #627B
DATE ENTERED: 8-1-46

REFER TO INVOICE NO. 2357
INVOICE DATE 3-5-46
ORDER NO. 1681

SOLD TO: THE SHOTWELL MFG. CO.
3501 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO: SAME

SHIP WHEN —
CAR INITIALS OR SHIPPED GATX 2147
ROUTE VIA
TERMS. 2% 10 NET 11

SHIPPED ON INVOICE DATE FROM KEOKUK
F.O.B. CHICAGO

TYPED BY ____ CHECKED BY ____
EXTENDED BY ____ CHECKED BY ____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT
LOADING TICKETS 3 4 5 6 7
INVOICE: CUSTOMER'S COPY 1 2 3 4 5
PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1		TANK CAR 43° DK CORN SYRUP UNMIXED 138000#...43860#...94140#	3.09 CWT.		8987.87
		(MARKET PRICE DATE OF SHIPMENT)			
		OUR RECORDS ONLY, CHARGE AGAINST CORN PURCHASES			

67F W

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or othe[illegible] levied or assessed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 454]

DEFENDANTS' EXHIBIT 67G

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1881

CUSTOMER'S ORDER & DATE L 1-30-46 $6277
DATE ENTERED 8-1-46

REFER TO INVOICE NO. 2557
INVOICE DATE 3-8-46
ORDER NO. 1682

SOLD TO THE SHOTWELL MFG. CO.
3501 S. POTOMAC AVE.
CHICAGO, ILLINOIS(51)

SHIP TO SAME

SHIP WHEN
CAR INITIALS HOW SHIPPED GATX 4131
ROUTE VIA WABASH-BRC-CMSTP F.O.B. CHICAGO

SHIPPED ON INVOICE DATE FROM KEOKUK

TERMS. 2% 10 NET 11

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT
BOARDING TICKETS 3 4 5 6 7 8
INVOICE: CUSTOMER'S COPY 1 2 3 4 5 6

PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1		TANK CAR 43° BE CORN SYRUP UNMIXED 135780#...42060#...93600#	3.09 CWT.	2925.60	
		(MARKET PRICE DATE OF SHIPMENT)			
		OUR RECORDS ONLY, CHARGE AGAINST CORN PURCHASES.			

32CA 142

67G

CAUTION Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a Violator of the Robinson-Patman Act

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 455]

DEFENDANTS' EXHIBIT 67H

[redacted]

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1901

CUSTOMER'S ORDER & DATE L 2-27-46 #6457
DATE ENTERED 3-4-46

REFER TO INVOICE NO. 4070
INVOICE DATE 4-9-46
ORDER NO. 3007

SOLD TO [illegible] CO.
3501 S. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO SAME

4-9-46 IF POSSIBLE-SELLERS OPTION

SHIP WHEN
CAR INITIALS
HOW SHIPPED GATX 12845
ROUTE VIA CRIP-BRC-CMSTP
SHIPPED ON
INVOICE DATE
FROM KEOKUK
F.O.B. CHICAGO
TERMS. 2% 10 NET 11

TYPED BY _____ CHECKED BY ___
EXTENDED BY _____ CHECKED BY ___
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT
LOADING TICKETS 3 4 5 6 7
INVOICE: CUSTOMER'S COPY 1 2 3 4 5
PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1		TANK CAR 43° DE CORN SYRUP UNMIXED 157800#...43000#...94800#	3.09 CWT.		2929.32
		(MARKET PRICE DATE OF SHIPMENT)			
		OUR RECORDS ONLY; CHARGE AGAINST CORN PURCHASES			

S2CW-3

67H

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

16-30M-2-45

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 456]

DEFENDANTS' EXHIBIT 67 I

[redacted]

THE HUBINGER CO.

PURE CORN PRODUCTS KEOKUK, IOWA ESTABLISHED 1864

CUSTOMER'S ORDER & DATE L 8-27-46 #6460
DATE ENTERED 9-4-46

REFER TO INVOICE NO. 4093
INVOICE DATE 9-28-46
ORDER NO. 3008

SOLD TO THE SHOTWELL MFG. CO.
3501 S. POTOMAC AVE.
CHICAGO 91, ILLINOIS

SHIP TO SAME

SHIP WHEN
CAR INITIALS AATX 15858
HOW SHIP ROUTE VIA C&NW-CRIP

SHIPPED ON INVOICE DATE FROM KEOKUK
F.O.B. CHICAGO

TERMS. 8% 10 NET 11.

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS
3 4 5 6 7 8

INVOICE CUSTOMER'S COPY
1 2 3 4 5 6

PAY THE HUBINGER CO. CHICAGO

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1		TANK CAR 43° DE CORN SYRUP UNMIXED 138300#...43600#...94700#	3.09 CWT.		2932.41
		(MARKET PRICE DATE OF SHIPMENT)			

OUR RECORDS ONLY.
CHARGE AGAINST
CORN PURCHASES

NOTICE
See additional charge issued for price adjustment effective April 11, 1946.

67-I

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defendant himself as a violator of the Robinson-Patman Act.

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the product herein sold or any component part thereof, will be for the account of the buyer.

[redacted]

[fol. 457]

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1901

CUSTOMER'S ORDER & DATE
DATE ENTERED

REFER TO INVOICE NO. B-3459
INVOICE DATE 8-10-46
ORDER NO.

SOLD TO: The Shotwell Mfg. Co.
3501 W. Potomac Ave.
Chicago 51, Illinois

SHIP TO:

SHIP WHEN
CAR INITIALS
HOW SHIPPED
ROUTE
TERMS. 2% 10 net 11

SHIPPED ON INVOICE DATE FROM
F. O. B.

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER
NOTIFICATION OF SHIPMENT

LOADING TICKETS: 3 | 4 | 5 | 6 | 7 | 8

INVOICE: CUSTOMER'S COPY: 1 | 2 | 3 | 4 | 5 | 6

PAY BROKER
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
		ADDITIONAL CHARGE for Car Init. & No. 94093 of 4-8-46			
1	Tank car	43° DE Corn Syrup Unmixed 138300#...43400#...94900#	.29 cwt.		275.21

67-I-2

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

(748-3066-3-48)

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

394

[fol. 458]

2-27-46 #6460
3-4-46

4893
4-28-46
3008

THE SHOTWELL MFG. CO.
3501 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SAME

GATX 15852
VIA CD&Q-BRC-CMSTP
2% 10 NET 11

KEOKUK

CHICAGO

THE ROBINSON C~~o~~.
CHICAGO

29
~~3009~~ CWT.

275.21
~~2952.41~~

TANK CAR 43° UK CORN SYRUP UNMIXED
138300#...43400#...94900#
~~(MARKET PRICE DATE OF SHIPMENT)~~

67-I-3

[fol. 459]

DEFENDANTS' EXHIBIT 67J

THE HUBINGER CO.

PURE CORN PRODUCTS KEOKUK, IOWA ESTABLISHED 1864

CUSTOMER'S ORDER & DATE L 3-26-46 96594
DATE ENTERED 3-26-46

REFER TO INVOICE NO. 5288
INVOICE DATE 3-7-46
ORDER NO. 3066

SOLD TO
THE SHOTWELL MFG. CO.
3301 S. POTOMAC AVE.
CHICAGO, ILLINOIS (51)

SHIP TO
SAME

3-7-46 IF POSSIBLE-SELLERS OPTION

SHIP WHEN
OR INITIALS
OW SHIPPED CATX 18167
OUTE VIA CBQ-SRC-CMSTP
ERMS. 2% 10 NET 11

SHIPPED ON INVOICE DATE FROM KEOKUK

F.O.B. CHICAGO

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT
LOADING TICKETS 3 4 5 6 7 8
INVOICE: CUSTOMER'S COPY 1 2 3 4 5 6

PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
TANK CAR		43° DE CORN SYRUP UNMIXED 133700#...39700#...94000#	3.09 CWT.		2918.40
		(MARKET PRICE DATE OF SHIPMENT)			
OUR RECORDS ONLY; CHARGE CORN DEAL					

67-J 4 ✓

NOTICE
See additional charge issued for price adjustment effective April 11, 1946.

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

O46-3004-2-45

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1901

CUSTOMER'S ORDER & DATE L
DATE ENTERED

REFER TO INVOICE NO. 8-1458
INVOICE DATE 8-[illegible]-46
ORDER NO.

SOLD TO
The Shotwell Mfg. Co.
3501 N. Potomac Ave.
Chicago 51, Illinois

SHIP TO

SHIP WHEN
CAR INITIALS
HOW SHIPPED
ROUTE

SHIPPED ON INVOICE DATE FROM

TERMS. 2% 10 Net 11

F. O. B.

TYPED BY ____ CHECKED BY T
EXTENDED BY ____ CHECKED BY ____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS
3 4 5 6 7 8

INVOICE: CUSTOMER'S COPY
1 2 3 4 5 6

PAY FROM

SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH ADDITIONAL CHARGE ON OUR INVOICE #5353 of 5-7-46			
1	Tank Car	43° DE Corn Syrup Unmixed 133700#...39700#...94000#	.29 cwt.		272.60

67J-2

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

O46 .0M-2-45

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 461]

3-26-46 #6594
3-23-46

5353
5-7-46
3866

THE SHOTSELL MFG. CO.
3501 S. POTOMAC AVE.
CHICAGO, ILLINOIS (51)

SAME

IF POSSIBLE-SELLERS OPTION

KEOKUK

DATX 12167
2A CB&Q-BRC-CMSTP
2,% 10 NET 1

CHICAGO

~~THE HUDSHOVER CO.~~
~~CHICAGO~~

29
~~3000 LBS.~~

227.60
~~2904.00~~

~~(MARKET PRICE MADE OF SHIPMENT)~~

6724-3

[fol. 462]

DEFENDANTS' EXHIBIT 67K

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1861

TOMER'S L 3-26-46 $6599
ER & DATE
E ENTERED 3-28-46

REFER TO INVOICE NO. 6887
INVOICE DATE 3-27-46
ORDER NO 3847

THE SHOTWELL MFG. CO.
3901 S. POTOMAC AVE.
CHICAGO 51, ILLINOIS

OLD TO

SAME

HIP TO

HIP WHEN
R INITIALS
OW SHIPPED
OUTE VIA
ERMS.

SHIPPED ON INVOICE DATE FROM KEOKUK

F.O.B. CHICAGO

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT
LOADING TICKETS 3 4 5 6 7 8
INVOICE: CUSTOMER'S COPY 1 2 3 4 5 6

PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1	TANK CAR 43° BK CORN SYRUP ARRIVED 94360# 135760#-41400#		3.09 CWT.	2915.78	

(MARKET PRICE DATE OF SHIPMENT)

OUR RECORDS ONLY.
CHARGE CORN DEAL

67-K

NOTICE
See additional charge issued for price adjustment effective April 11, 1946.

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

O46-30M-2-45

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer

[redacted] DEPARTMENT CO[redacted] MAST[redacted]

THE HUBINGER C[redacted]

PURE CORN PRODUCTS — KEOKUK, IOWA

ENTERED BY ____ CHECKED BY ____

CUSTOMER'S ORDER & DATE L
DATE ENTERED

REFER TO INVOICE NO 563
INVOICE DATE 5-27-46
ORDER NO

[ ] CONFIRMATIONS
[ ] WAREHOUSE DELIVERY ORDER
[ ] NOTIFICATION OF SHIPMENT

SOLD TO
The Shotwell Mfg. Co.
3501 W. Potomac Avenue
Chicago 51, Illinois

SHIP TO

TICKETS
3 | 4 | 5 | 6 | 7 | 8

INVOICE CUSTOMER'S COPY
1 | 2 | 3 | 4 | 5 | 6

SHIP WHEN
CAR INITIALS
HOW SHIPPED
ROUTE

SHIPPED ON INVOICE DATE FROM

F O B

PAY BROKER

SALESMAN

TERMS. 2% 10 Net 11

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
		Additional charge on our invoice #6587 of 5-27-46			
1	tank car	43° OK Corn Syrup Unmixed 943600# 1357600#...414000#		.68 cwt.	642.65

67-K-2

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

[illegible] 30M-2-46

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the product herein sold or any component part thereof, will be for the account of the buyer.

400

[fol. 464]

~~3-26-46~~ ~~$6999~~
3-26-46

6287
5-27-46
3067

THE SHOTWELL MFG. CO.
3501 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

~~SAME~~

~~KEOKUK~~

~~GATH 41140~~
~~VIA CB&Q BRS SHOTP~~
~~2% 10 NET 11~~

~~CHICAGO~~

~~THE HUBINGER CO.~~
~~CHICAGO~~

68
~~3.09~~ CWT.

~~641.65~~
~~291.01~~

TANK CAR 43° DX CORN SYRUP (UNMIXED 94360#
135760#..41400#

(MARKET PRICE DATE OF SHIPMENT)

67-K-3

[fol. 465]

DEFENDANTS' EXHIBIT 67L

BILLING DEPARTMENT COPY — MAIL TO

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1901

CUSTOMER'S ORDER & DATE L 6-3-46 #6004
DATE ENTERED 6-3-46

REFER TO INVOICE NO. 6935
INVOICE DATE 6-8-46
ORDER NO. 6185

SOLD TO THE SHOTWELL MFG. CO.
3301 S. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO SAME

SHIP WHEN AS POSSIBLE-SELLERS OPTION
CAR INITIALS — INVOICE DATE FROM KEOKUK
HOW SHIPPED — F.O.B. CHICAGO
ROUTE VIA
TERMS 8% 10 NET 11

TYPED BY ____ CHECKED BY ____
EXTENDED BY ____ CHECKED BY ____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS
3 | 4 | 5 | 6 | 7 | 8

INVOICE CUSTOMER'S COPY
1 | 2 | 3 | 4 | 5 | 6

PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1	CARLOAD				
70	50LB.	43° HI-STREET 36671@...47568...47915@ (MARKET PRICE DATE OF SHIPMENT)	3.91 CWT.		1873.48

OUR RECORDS ONLY.
CHARGE CORN DEAL

67-L

NOTICE
See additional charge issued for price adjustment effective April 11, 1946.

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

C106-30M-2-45

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 466]

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1864

CUSTOMER'S ORDER & DATE
DATE ENTERED

REFER TO
INVOICE NO. S-0460
INVOICE DATE 8-3-46
ORDER NO.

SOLD TO
THE CROTHELL MFG. CO.
3501 N. POTOMAC AVE.
CHICAGO 51 ILLINOIS.

SHIP TO

SHIP WHEN
CAR INITIALS
HOW SHIPPED
ROUTE

SHIPPED ON
INVOICE DATE
FROM

F. O. B.

TERMS 2% 10 net 11

TYPED BY _____ CHECKED BY _____

EXTENDED BY _____ CHECKED BY _____

☐ CONFIRMATIONS

☐ WAREHOUSE DELIVERY ORDER
NOTIFICATION OF SHIPMENT

LOADING TICKETS

3	4	5	6	7	8

INVOICE: CUSTOMER'S COPY

1	2	3	4	5	6

PAY BROKER

SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK PLASTIC STARCH Additional charge on our invoice # 6935 of 8-3-46			
1 carload					
70 bbls.	48' FE-SWEET 5E971F—4706F—4711F		.68 cwt.		325.52

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

1146-3044-2-45

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

676.4

466

~~1-3-46~~ ~~#6891~~
~~1-5-46~~

6935
6-8-46
6185

THE SHOTWELL MFG. CO.
3501 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

~~TIME~~

~~SOON AS POSSIBLE-SELLERS OPTION~~

~~ERIE 77136~~
~~VIA CB&Q-BRC-CHGTP~~
25 10 NET 11

~~REBUK~~
CHICAGO

~~THE ROBINSON CO.~~
~~CHICAGO~~

1 CARLOAD

70 BLS. 4½ HI-SWEET
52671#...47564# 47915#

~~(MARKET PRICE DATE OF SHIPMENT)~~

68
3.91 CWT.

325.82
~~1679.40~~

676-3

[fol. 468]

DEFENDANTS' EXHIBIT 67M

[redacted] DEPARTMENT COPY - MASTER

THE HUBINGER CO.

PURE CORN PRODUCTS **KEOKUK, IOWA** ESTAB'D DEC 1981

CUSTOMER'S ORDER & DATE L 6-5-46 $6894
DATE ENTERED 6-5-46

REFER TO INVOICE NO. 7861
INVOICE DATE 6-12-46
ORDER NO 6186

SOLD TO THE SHOTWELL MFG. CO.
3508 S. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO SAME

SHIP WHEN SOON AS POSSIBLE
CAR INITIALS SELLERS OPTION
HOW SHIPPED CG 4068
ROUTE VIA CRAO-RDC-CHGTP

SHIPPED ON INVOICE DATE FROM KEOKUK

TERMS. 2% 10 NET 11TH F.O.B. CHICAGO

TYPED BY [redacted] CHECKED BY

EXTENDED BY _____ CHECKED BY _____

☐ CONFIRMATIONS

☐ WAREHOUSE DELIVERY ORDER
NOTIFICATION OF SHIPMENT

LOADING TICKETS
3 | 4 | 5 | 6 | 7 | 8

INVOICE: CUSTOMER'S COPY
1 | 2 | 3 | 4 | 5 | 6

PAY BROKER THE HUBINGER CO. CHICAGO

SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1	CARLOAD				
69	88LB.	43° [redacted] 517094..45548..471588	3.91 CWT.	1843.88	
		(MARKET PRICE DATE OF SHIPMENT)			
		OUR RECORDS ONLY. CHARGE CORN DEAL			

67-A

NOTICE
See additional charge issued for price adjustment effective April 11, 1946.

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

C116-30M-2-45

468

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

405

for 469

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1884

CUSTOMER'S ORDER & DATE L
DATE ENTERED

REFER TO INVOICE NO. S-8461
INVOICE DATE 6-3-46
ORDER NO.

SOLD TO
The Shotwell Mfg. Co.
3501 N. Potomac Ave.
Chicago, 51, Illinois.

SHIP TO
L

SHIP WHEN
CAR INITIALS
HOW SHIPPED
ROUTE 2" 10 Rot 11
TERMS.

SHIPPED ON INVOICE DATE FROM
F. O. B.

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS
3 | 4 | 5 | 6 | 7 | 8

INVOICE: CUSTOMER'S COPY
1 | 2 | 3 | 4 | 5 | 6

PAY GROSS
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK PLASTIC STARCH Additional charge on our invoice # 7888 of 6-13-46			
1	carload				
69	bbls.	43' MI-SHIFT 81709# --6581#--47158#	.68 cwt.		320.67

67M-2

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

4346-3084-2-45

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased ... tax or other charge levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 470]

~~6-5-46~~ ~~$6695~~
~~6-6-46~~

7268
6-12-46
6186

THE SHOTWELL MFG. CO.
3501 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

~~SAME~~

~~SOON AS POSSIBLE~~
~~SELLER'S OPTION~~
~~CC 4000~~
~~V-T-C-O-B-C-C-SHOTP~~
2% 10 NET 11

~~KEOKUK~~
~~CHICAGO~~

~~THE HUBINGER CO.~~
~~CHICAGO~~

1 CARLOAD

69 BELS. 43° HI-SWEET
51709#...45515#...47158#

~~(MARKET PRICE DATE OF SHIPMENT)~~

68
3.91 CWT.

320.67
~~1045.00~~

40C - 9-5-46

67-M-3

[fol. 471]

DEFENDANT'S EXHIBIT 67N

BILLING DEPARTMENT COPY - MASTER

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1881

CUSTOMER'S ORDER & DATE L 4-30-46 #6889
DATE ENTERED 5-2-46

REFER TO INVOICE NO. 7972
INVOICE DATE 6-24-46
ORDER NO. 5128

SOLD TO: THE SHOTWELL MFG. CO.
3501 S. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO: SAME

SHIP WHEN
CAR INITIALS GATX 25080
HOW SHIPPED
ROUTE VIA CB&Q-BRC-CMSTP
TERMS. 2% 10 NET 11

SHIPPED ON INVOICE DATE FROM KEOKUK
F.O.B. CHICAGO

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS
3 | 4 | 5 | 6 | 7 | 8

INVOICE CUSTOMER'S COPY
1 | 2 | 3 | 4 | 5 | 6

PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1		TANK CAR 43° OK CORN SYRUP UNMIXED 136700...42400#...94300#	3.09 CWT		8913.87
		(MARKET PRICE DATE OF SHIPMENT)			

OUR RECORDS ONLY:
CHARGE CORN DEAL

67-N

NOTICE
See additional charge issued for price adjustment effective April 11, 1946.

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or levy imposed by the Government on the product hereinsold, or any component part thereof, will be for the account of the buyer.

[fol. 472]

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1901

CUSTOMER'S ORDER & DATE
DATE ENTERED L

REFER TO INVOICE NO. S-2527
INVOICE DATE 8/2-46
ORDER NO.

SOLD TO THE SHOTWELL MANUFACTURING CO.
3501 W. POTOMAC AVE.,
CHICAGO 51, ILLINOIS

SHIP TO

SHIP WHEN
CAR INITIALS
HOW SHIPPED
ROUTE

SHIPPED ON INVOICE DATE FROM

F. O. B.

TERMS. 2% 10 NET 11

TYPED BY _____ CHECKED BY _____

EXTENDED BY _____ CHECKED BY _____

☐ CONFIRMATIONS

☐ WAREHOUSE DELIVERY ORDER
NOTIFICATION OF SHIPMENT

LOADING TICKETS

3	4	5	6	7	8

INVOICE: CUSTOMER'S COPY

1	2	3	4	5	6

PAY BROKER

SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
		ADDITIONAL CHARGE ON OUR INVOICE #7992 of 6/24/46			
1	TANK CAR	43° DE CORN SYRUP UNMIXED 13870#....42400#...94300#	.68 CWT.		$641.24

67-N-2

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

O46-30M-3-48

472

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 473]

~~4-30-46 $6009~~
~~5-2-46~~

7972
6-24-46
5122

THE SHOTWELL MFG. CO.
3501 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

~~SAME~~

~~GATX 25080~~
~~VIA CBAQ-BRC SHOTP~~
2% 10 NET 11

KEOKUK

~~CHICAGO~~

~~THE HOSTIGER CO.~~
~~CHICAGO~~

68
3.09 CWT

~~641.24~~
~~5415.07~~

TANK CAR 43° DK CORN SYRUP UNMIXED
13670#...42400#...94300#

~~(MARKET PRICE DATE OF SHIPMENT)~~

67N-3

[fol. 474]

DEFENDANTS' EXHIBIT 67 O

[redacted]

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1881

CUSTOMER'S ORDER & DATE 5-31-46 $7000
DATE ENTERED 7-19-46

REFER TO INVOICE NO. 9143
INVOICE DATE 7-21-46
ORDER NO. 7469

SOLD TO: THE SHOTWELL MFG. CO.
3501 S. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO: SAME

SHIP WHEN
CAR INITIALS NOW SHIPPED SATX 18167
ROUTE VIA CBSQ-BRC-CMSTP
TERMS. 8% 10 NET 11

SHIPPED ON INVOICE DATE FROM KEOKUK
F.O.B. CHICAGO

TYPED BY _____ CHECKED BY ___
EXTENDED BY _____ CHECKED BY ___
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT
LOADING TICKETS 3 4 5 6 7 8
INVOICE: CUSTOMER'S COPY 1 2 3 4 5 6
PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1		TANK CAR 43° BK CORN SYRUP UNMIXED 94080# 1337800#...397000#	3.77 CWT.		3546.32

OUR RECORDS CR. IT: CHARGE CORN DEAL

67-0 ✓

APPLIED & COMPLETES BOOKING 7-19-46

NOTICE
See additional charge issued for price adjustment effective April 11, 1946.

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

0-46-3014-2-45

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer

THE HUBINGER CO.

KEOKUK, IOWA

7-19-46

7469

SOLD TO

SHIP TO

3.77 Gal

Show Applies & completes Booking
7-19-46

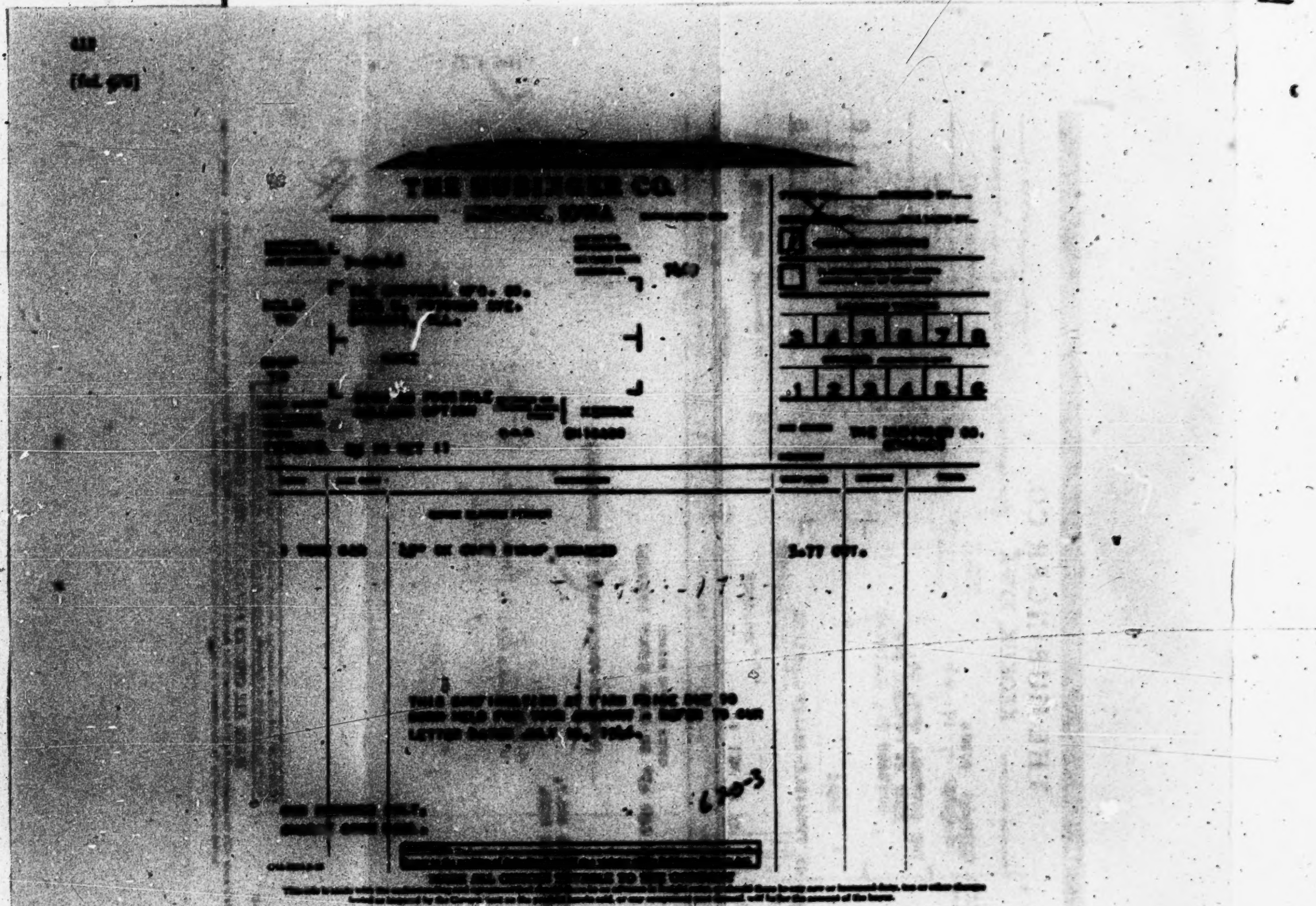
67-0-7

#3

[fol. 4:5]

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, t[illegible] or other ch[illegible] argos levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.



[fol. 477]

DEFENDANTS' EXHIBIT 67P

THE HUBINGER CO.

PURE CORN PRODUCTS KEOKUK, IOWA ESTABLISHED 1901

CUSTOMER'S ORDER NO. & DATE L 7-26-46 89077

REFER TO INVOICE NO. 9486
INVOICE DATE 7-26-46
ORDER NO. 6079

SOLD TO THE SHOTWELL MFG. CO.
3901 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO SAME

SHIP WHEN AS INITIALED OR ORDERED DATE 7-30
ROUTE VIA B&O-CRI&P-CB&TP

SHIPPED ON INVOICE DATE FROM KEOKUK

F. O. B. CHICAGO

TERMS. 2% 10 NET 11

TYPED BY_____ CHECKED BY____

EXTENDED BY_____ CHECKED BY____

☐ CONFIRMATIONS

☐ WAREHOUSE DELIVERY ORDER
NOTIFICATION OF SHIPMENT

LOADING TICKETS

3	4	5	6	7	8

INVOICE: CUSTOMER'S COPY

1	2	3	4	5	6

PAY BROKER THE HUBINGER CO. CHICAGO

SALESMAN

MARKS	SEE CARE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1		TANK CAR 42° DE CORN SYRUP UNMIXED 1360000...42000#	96700#	5.97 CWT.	4000.15
		(MARKET PRICE DATE OF SHIPMENT)			
OUR RECORDS ONLY: CHARGE CORN SEAL.					

52 R 143

FILED

67-P

FEB 10 1954

AT ____ O'CLOCK ____ M.
ROY H. JOHNSON
CLERK

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defendant himself as a violator of the Robinson-Patman Act.

046-3004-3-48

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge, ... amount part thereof will be for the account of the buyer.

BILLING DEPARTMENT COPY NO. 1

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1841

CUSTOMER'S ORDER & DATE L 5-31-46 $7077
DATE ENTERED 6-4-46

REFER TO INVOICE NO.
INVOICE DATE
ORDER NO. 6079

SOLD TO
THE SHOTWELL MFG. CO.
3801 S. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO SAME

SHIP WHEN 7-16-46 IF POSSIBLE-SELLERS OPTION
CAR INITIALS
HOW SHIPPED
ROUTE
INVOICE DATE FROM KEOKUK
F.O.B. CHICAGO

TERMS. 2% 10 NET 11

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT
LOADING TICKETS 3 4 5 6 7 8
INVOICE: CUSTOMER'S COPY 1 2 3 4 5 6
PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1		TANK CAR 43° DK CORN SYRUP UNMIXED			
		(MARKET PRICE DATE OF SHIPMENT)			
		OUR RECORDS ONLY. CHARGE CORN DEAL			

67-P-2

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

478

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

CREDIT MEMORANDUM
FROM
THE HUBINGER CO.
KEOKUK, IOWA, U. S. A.

8-19-46

THE SHOTWELL MFG. CO.
3501 N. POTOMAC AVE.
CHICAGO 51, ILLINOIS

WE CREDIT YOUR ACCOUNT AS FOLLOWS

ADJUSTMENT IN PRICE, OUR INVOICE #9456 OF JULY 26, 1946

SEE ATTACHED LETTER

8	TANK CAR 43° DK CORN SYRUP UNMIXED 947808 1368868...421808	1.40 CWT.	1326.92

8-117

67-P-3

MASTER

O26-2-44-5M

[fol. 480]

5-31-46 #7077
6-4-46

9456
7-26-46
6079

THE SHOTWELL MFG. CO.
3501 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SAME

GATX 3039
VIA WAB-BRC-CMSTP
2% 10 NET 11

KEOKUK

CHICAGO

THE HUBINGER CO.
CHICAGO

TANK CAR 43° OK CORN SYRUP UNMIXED 94780# 5.17 CWT. 4900.13
136880#...42100#

(MARKET PRICE DATE OF SHIPMENT)

1326.92

67-P-4

5.17
3.77
1.40

[fol. 481]

DEFENDANTS' EXHIBIT 67Q

[redacted]

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1901

CUSTOMER'S ORDER & DATE L 7-31-46 #7410
DATE ENTERED 8-7-46

REFER TO INVOICE NO. 10575
INVOICE DATE 8-12-46
ORDER NO. 8008

SOLD TO: THE BROTWELL MFG. CO.
3501 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO: SAME

SHIP WHEN
CAR INITIAL AND NO. GATX 7385
HOW SHIPPED
ROUTE ATA CB&Q-SRC-CBSTP
TERMS 2% 10 NET 11

SHIPPED ON INVOICE DATE FROM: KEOKUK
F.O.B. CHICAGO

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS
3 4 5 6 7 8

INVOICE: CUSTOMER'S COPY
1 2 3 4 5 6

PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1		TANK CAR 43° DE CORN SYRUP UNMIXED 94700# 5.21 CWT. 4933.87 135700#...41000#			
		(MARKET PRICE DATE OF SHIPMENT)			

67Q

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

1116-9966-2-48

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge, levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 482]

DEFENDANTS' EXHIBIT 67R

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1901

CUSTOMER'S ORDER & DATE L 7-31-46 #7486
DATE ENTERED 8-7-46

REFER TO INVOICE NO. 11783
INVOICE DATE 9-22-46
ORDER NO. 8061

SOLD TO: THE SHOTWELL MFG. CO.
3501 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO: SAME

CAR INITIALS / HOW SHIPPED / ROUTE: GATX 12167 VIA [illegible]
TERMS. [illegible]

INVOICE DATE FROM: KEOKUK
F.O.B.: CHICAGO

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER / NOTIFICATION OF SHIPMENT

LOADING TICKETS: 3 4 5 6 7 8
INVOICE: CUSTOMER'S COPY: 1 2 3 4 5 6

PAY BROKER THE HUBINGER CO. CHICAGO
SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK-ELASTIC STARCH			
1		TANK CAR 43° DE CORN SYRUP UNMIXED 93600# 5.21 CWT. 4876.56			
		13330#...39700#			
		(MARKET PRICE DATE OF SHIPMENT)			

67-R

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

O46-3884-2-45

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charges levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 483]

DEFENDANTS' EXHIBIT 67S

THE HUBINGER CO.

PURE GRAIN PRODUCTS **KEOKUK, IOWA** ESTABLISHED 1864

CUSTOMER'S ORDER & DATE 11-[illegible]-46 97665
DATE ENTERED [illegible]-46
REFER TO INVOICE NO. 3600
INVOICE DATE 11-[illegible]-46
ORDER NO. 6762

SOLD TO THE [illegible] MFG. CO.
3301 E. [illegible] AVE.
CHICAGO 31, ILLINOIS

SHIP TO SAME

SHIP WHEN
CAR INITIALS AND NUMBER GATX [illegible]
ROUTE VIA [illegible]
TERMS. 2% 10 NET 11

SHIPPED ON INVOICE DATE FROM KEOKUK
F.O.B. CHICAGO

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☒ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT
LOADING TICKETS 3 4 5 6 7 8
INVOICE: CUSTOMER'S COPY 1 2 3 4 5 6
PAY INCOME THE HUBINGER CO. CHICAGO
SALESMAN

MARKS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1	TANK CAR 43° DE CORN SYRUP [illegible]		4.36 CWT.		4119.39
		(MARKET PRICE DATE OF SHIPMENT)			

67-S

32CR113

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

(146-3000-3-48)

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 484]

DEFENDANTS' EXHIBIT 67T

Defendants' Exhibit 67T

THE HUBINGER CO.

PURE CORN PRODUCTS **KEOKUK, IOWA** ESTABLISHED 1886

CUSTOMER'S ORDER & DATE [illegible] $7.05¼
DATE ENTERED 10-15-46

REFER TO INVOICE NO. 11483
INVOICE DATE [illegible]
ORDER NO. 18750

SOLD TO THE CHURCHILL MFG. CO.
3301 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO SAME

11-20-46 IF POSSIBLE-SELLERS OPTION

SHIP WHEN
CAR INITIALS AND NO. GATX 21437
HOW SHIPPED
ROUTE VIA C&NW-SOO-CMStP
TERMS. 2% 10 NET 11

SHIPPED ON INVOICE DATE FROM KEOKUK
F. O. B. CHICAGO

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER
NOTIFICATION OF SHIPMENT

LOADING TICKETS
3 | 4 | 5 | 6 | 7 | 8

INVOICE CUSTOMER'S COPY
1 | 2 | 3 | 4 | 5 | 6

PAY BROKER THE HUBINGER CO.
CHICAGO

SALESMAN

UNITS	SIZE CASE	DESCRIPTION 3.41 CWT.	UNIT PRICE	AMOUNT	TOTAL
1	TANK CAR 45°	QUICK ELASTIC STARCH 94% CORN SYRUP SOLIDS 96000# 1.32000#...41.3200#	3.41 CWT.		3285.40

(MARKET PRICE DATE OF SHIPMENT)

3201.73

67-T

[fol. 485]

DEFENDANTS' EXHIBIT 67U

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1900

CUSTOMER'S ORDER & DATE L 10-21-46 #7977
DATE ENTERED 10-23-46

REFER TO INVOICE NO. 13006
INVOICE DATE 11-29-46
ORDER NO. 10624

SOLD TO: THE SHUTWELL MFG. CO.
3501 W. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO: SAME

SHIP WHEN: GATX 21674
CAR INITIALS HOW SHIPPED: VIA CBAQ-CBQ-CMSTP
TERMS: 2% 10 NET 11

SHIPPED ON INVOICE DATE FROM: KEOKUK
F. O. B. CHICAGO

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☑ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS: 3 4 5 6 7 8

INVOICE: CUSTOMER'S COPY: 1 2 3 4 5 6

PAY BROKER THE HUBINGER CO. CHICAGO

SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1	TANK CAR	43° DE CORN SYRUP UNMIXED 95700# 13870#...43000#	3.41 CWT.		3863.37
		(MARKET PRICE DATE OF SHIPMENT)			

67-U

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act.

O-16-7-16-20M

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer.

[fol. 486]

DEFENDANTS' EXHIBIT 67V

[redacted]

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1864

CUSTOMER'S ORDER & DATE L 11-8-46 $8109
DATE ENTERED 11-5-46

REFER TO INVOICE NO. 16000
INVOICE DATE 12-31-46
ORDER NO. 10722

SOLD TO: THE SHOTWELL MFG. CO.
3501 S. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO: SAME

SHIP WHEN
CAR INITIALS OR HOW SHIPPED GATX 25553
ROUTE VIA CB&Q-BBC-CMSTP
TERMS. 2% 10 NET 11

INVOICE DATE FROM KEOKUK
F.O.B. CHICAGO

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☑ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER
NOTIFICATION OF SHIPMENT

LOADING TICKETS
3 | 4 | 5 | 6 | 7 | 8

INVOICE CUSTOMER'S COPY
1 | 2 | 3 | 4 | 5 | 6

PAY BROKER THE HUBINGER CO. CHICAGO

SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
		QUICK ELASTIC STARCH			
1	TANK CAR 45° DE CORN SYRUP UNMIXED 137100#...42600#	94500#	3.41 CWT.	3222.45	
		(MARKET PRICE DATE OF SHIPMENT)			

67-V

4 JCR 143

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act

D46-7-46-20M

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge levied or imposed by the Government on the product herein sold, or any component part thereof, will be for the account of the buyer

[fol. 487]

DEFENDANTS' EXHIBIT 67W

BILLING DEPARTMENT COPY — MASTER

THE HUBINGER CO.

PURE CORN PRODUCTS — KEOKUK, IOWA — ESTABLISHED 1869

CUSTOMER'S ORDER & DATE L 11-2-46 #8104
DATE ENTERED 11-5-46

REFER TO INVOICE NO. 15505
INVOICE DATE 12-12-46
ORDER NO. 10721

SOLD TO
THE SHOTWELL MFG. CO.
3501 S. POTOMAC AVE.
CHICAGO 51, ILLINOIS

SHIP TO SAME

SHIP WHEN
CAR INITIALS NOW SHIPPED GATX 2147
ROUTE VIA CB&Q-ERC-CMSTP
TERMS. 2% 10 NET 11

SHIPPED ON INVOICE DATE 12 FROM KEOKUK
F.O.B. CHICAGO

TYPED BY _____ CHECKED BY _____
EXTENDED BY _____ CHECKED BY _____
☐ CONFIRMATIONS
☐ WAREHOUSE DELIVERY ORDER NOTIFICATION OF SHIPMENT

LOADING TICKETS
3 4 5 6 7 8

INVOICE, CUSTOMER'S COPY
1 2 3 4 5 6

PAY BROKER THE HUBINGER CO. CHICAGO

SALESMAN

UNITS	SIZE CASE	DESCRIPTION	UNIT PRICE	AMOUNT	TOTAL
1	TANK CAR	43° QK CORN SYRUP UNMIXED QUICK ELASTIC STARCH 94080# 43260#	3.41 CWT.		3208.13

(MARKET PRICE DATE OF SHIPMENT)

4-JCK-43

67-W

CAUTION: Deduction of unearned cash discount when paying this invoice may place the buyer in the position of defending himself as a violator of the Robinson-Patman Act

MAKE ALL CHECKS PAYABLE TO THE COMPANY

This sale is made with the understanding and agreement that should there be an advance in freight rates, or should there be any new or increased duty, tax or other charge levied or imposed by the Government on the product herein sold or any component part thereof, will be for the account of the buyer

[fol. 488]

DEFENDANTS' EXHIBIT 69

Shotwell Manufacturing Co.
3501 West Potomac St.
Chicago, Illinois

per a MR - 4/2/46
(17 free - 1 Chge per Mo

Wheat - 15¢ per Bu.

Corn received
3/11/46 - 42521 Bus - 63971 #
3/13/46 - 6173 " - 92595
156,566

37 CR 143

Shipments
~~3/11/46 - 75460 #~~ per a MR 4/2/46
3/8/46 - 94680 #
~~4/1/46 - 94000~~
4/12/46 - 60000
4/25/46 - 94900
5/7/46 - 94900
5/27/46 - 94360
6/8/46 - 47915
6/12/46 - 47158
6/24/46 - 94309
7/21/46 - 94080
7/24/46 - 94780
692,172

69

Wednesday, Feb. 6, 1946

[illegible] days—[illegible] days follow

Lowell Hoist Co Book 15 Log
Cars = 2 3 115 Iowa + 1 1/2 Richmond Rd
2-9
4-10

Cargill Apodaca Rapids
15 Cars = 2 3 Cooling + 2 1/2 miles West Mendota

Shotwell County Co

2708
[illegible] Alsin apply 2709
1 Car = 2 3 103 123 Milford Iowa
+ 14 Hwy 20 = 21
Hybrid

Lowell Hoist Co at Lost
2 Cars = 2 3 114 Chs Lake 15 Log
Glendale Chicago

Gutting Milling Co Chicago Chicago 5048
Boston Sta
4 Cars = 2 3 Corn 118 Iowa + 1/2 Iowa
Logan Shotwell County
Kansas City Chi 12 Iowa 3 Nov. 15 14

691

26

fol. 490]

Thursday, Feb. 7, 1946

38th day — 327 days follow

[fol. 491]

Friday, Feb. 8, 1946

39th day — 326 days follow

[fol. 492]

Monday, Feb. 11, 1946

42nd day — 323 days follow

[fol. 494]

DEFENDANTS' EXHIBIT 70

May 31, 1945

Army Service Forces
Chicago Quartermaster Depot
1819 W. Pershing Road
Chicago, Illinois

Attn: Warrant Officer Reese

Gentlemen:

We are enclosing herewith copies of our orders No. 4592 and No. 4647 which we have been unable to place with the American Maize Products Co. and A. E. Staley Mfg. Co.

On order No. 4592 calling for 200,000 pounds of 71g% Redried Starch, the Staley Mfg. Co. have accepted only 80,000 pounds.

We would appreciate very much your assistance in getting these two orders placed as we are going to be badly in need of these raw materials in order to complete Contract No. W-11-009 QM-48398 within the specified time.

Yours very truly,

THE SHOTWELL MFG. CO.

Sales Manager

J.B.Kelly:ld

[fol. 495]

DEFENDANTS' EXHIBIT 71

June 27, 1945

Army Service Forces
Chicago Quartermaster Depot
1819 W. Pershing Road
Chicago 9, Illinois

Attn: Mr. A. W. Nygren

Gentlemen:

With reference to Contract No. W11-009-qm-48398 covering Starch Dessert Powder.

Owing to the fact that it is necessary for us to substitute 100,000 pounds beet sugar in place of corn sugar in order to complete above contract, we will require additional sugar certificates covering 100,000 pounds sugar.

Would appreciate it if you would forward these ration points to us at once.

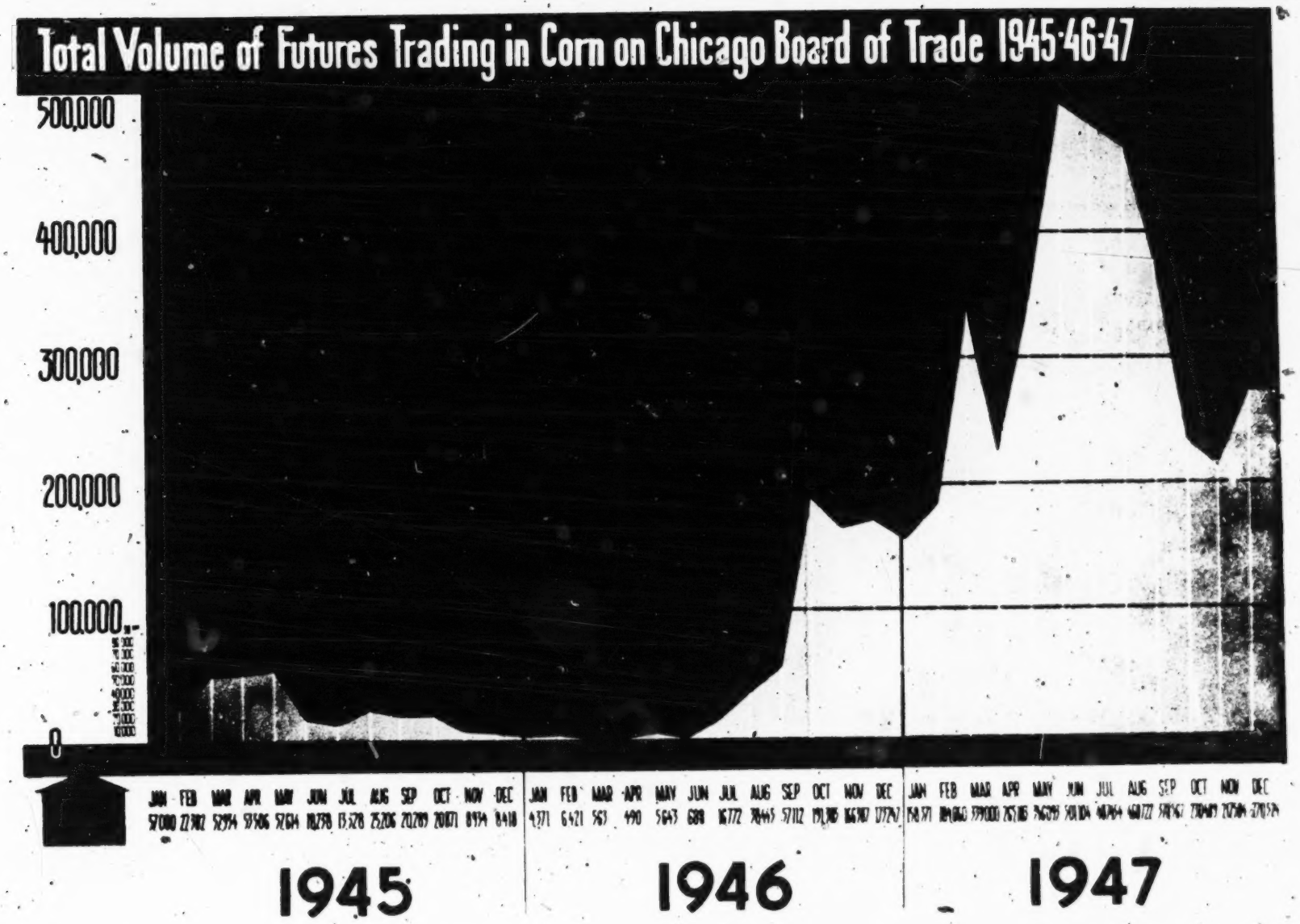
Yours very truly,
THE SHOTWELL MFG. CO.

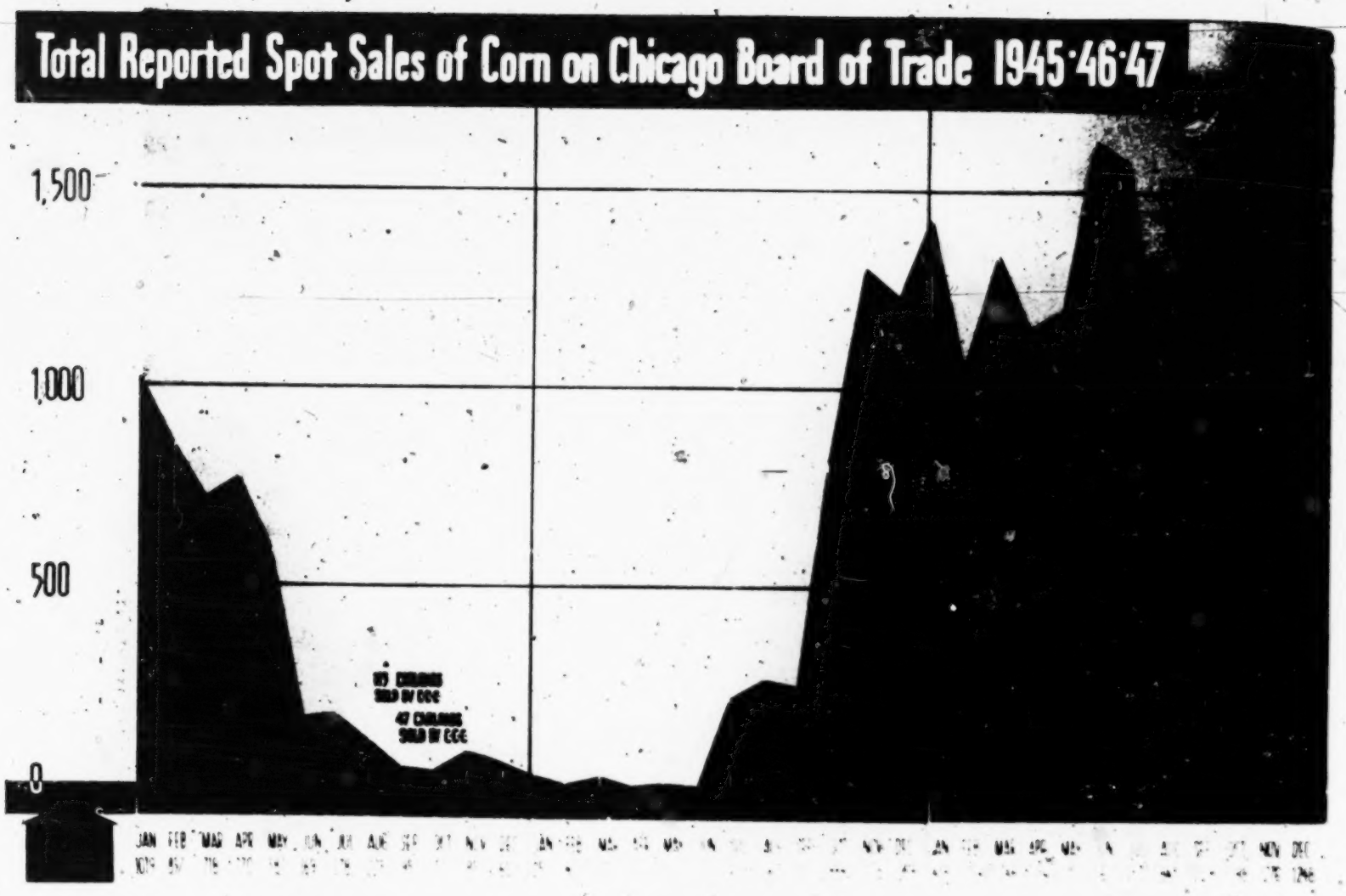
Sales Manager

J.B.Kelly:ld

[fol. 496]

DEFENDANTS' EXHIBIT 72




Total Reported Spot Sales of Corn on Chicago Board of Trade 1945-46-47
1,500
1,000
500
0
1945
1946
1947

[fol. 498]

DEFENDANTS' EXHIBIT 74

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE

No. 532

THE NATIONAL ARCHIVES

[Emblem]

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

I CERTIFY That the annexed copy, or each of the specified number of annexed copies, of each document listed below is a true copy of a document in the official custody of the Archivist of the United States.

FROM THE RECORDS OF THE OFFICE OF WAR MOBILIZATION AND RECONVERSION:

Office of Economic Stabilization
(Directive 106)
EMERGENCY CORN PURCHASE PROGRAM
Issued and effective April 19, 1946

IN TESTIMONY WHEREOF, I, WAYNE C. GROVER, Archivist of the United States, have hereunto caused the Seal of the National Archives to be affixed and my name subscribed by the Chief Archivist, Industrial Records Branch of the National Archives, in the District of Columbia, this 13th day of March 1953.

/s/ WAYNE C. GROVER
Archivist of the United States

By /s/ (Signature illegible)

[Seal]

GSA Form 86
August 1950
(Formerly NA 42)

[fol. 499]

Chapter XVIII—Office of Economic Stabilization

[Directive 106]

Part 4003—Support Prices; Subsidies

EMERGENCY CORN PURCHASE PROGRAM

Pursuant to the authority vested in me by the Stabilization Act of 1942, as amended, and by Executive Order 9250 of October 3, 1942 (7 F.R. 7871), Executive Order 9328 of April 8, 1943 (8 F.R. 4681), Executive Order 9599 of August 18, 1945 (10 F.R. 10155), Executive Order 9651 of October 30, 1945 (10 F.R. 13487), Executive Order 9697 of February 14, 1946 (11 F.R. 1691), and Executive Order 9699 of February 21, 1946 (11 F.R. 1929), *It is hereby ordered*:

The Secretary of Agriculture is hereby authorized and directed, through the Commodity Credit Corporation, to purchase approximately 50,000,000 bushels of corn at prices 30 cents above the applicable maximum prices under the regulations of the Office of Price Administration and to resell such corn for export, for the manufacture of corn products as specified by the Secretary of Agriculture, and for such other purposes as will be effective in directly alleviating the famine emergency. Such purchases shall be made only from producers eligible for loans under the 1945 Corn Loan Program.

Issued and effective this 19th day of April, 1946.

.....

Economic Stabilization Director

/s/ LILLIAN C. VAZZI

[Stamp—Illegible]

OUR NO. _____ SELLERS NO. _____

DATE _____

D. F. Lucas

INSP WEIGHTS	

AMOUNT	GRADE	PRICE	SHIPMENT	REMARKS
Ks. 1 car				

EXPIRES _____

APPLICATIONS

DATE	CAR NO	WEIGHT FACTORY	WEIGHT SELLERS	GRADE	PRICE	REMARKS	ADVANCES DATE	ADVANCES AMOUNT
7/4	TC 1964				104½	42#		Kansas
		Less 10 cwt plus tax						
						- 314.42		

Defendant's Exhibit 75 A

DEFENDANT'S EXHIBIT 75A

Vol. 501

WE CONFIRM SALE TO YOU

DANIEL F. RICE & CO.

NO. C2-2

CAR NO.	ROAD	INITIAL	GRADE
701364	NW	Rail	rye

EST WT.	SPLITS
~~[illegible]~~ 47[illegible]	

MOISTURE	F. M.
12.3	

DGE.	OTHER FACTORS

SOLD TO	PRICE	TERMS
CP		

DISPOSITION

CITY CONT.	PREMIUM	DISCOUNT
47		14

ATE	REMARKS
7/11/-6	OK

14 12 5.50 Account

2a

75-B.

FORM 1951

OUR NO. [redacted]

SELLERS NO. _____

Russell F

Defendants' Exhibit 75B

DATE _____

75 B

INSP WEIGHTS	
✓	

AMOUNT	GRADE	PRICE	BASIS	SHIPMENT	REMARKS
[illegible]	2 Y	[illegible]	Lake	Buy 9/30/46	Grand Ridge Sta. O/M Scale 2 CARS

EXPIRES _____

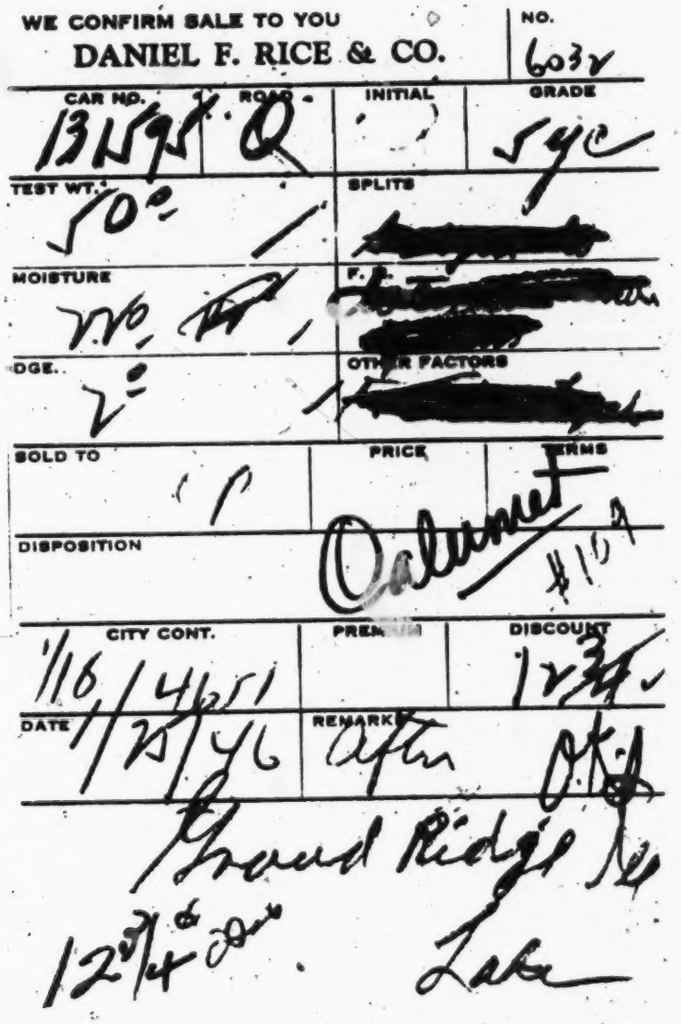
APPLICATIONS

DATE	CAR NO	WEIGHT FACTORY	WEIGHT SELLERS	GRADE	PRICE	REMARKS	ADVANCES DATE	ADVANCES AMOUNT
			To Dickinson					
21	35135	1/6	16246					
	[illegible]	1/6	1636					
		1/6	1534					
2/4	13211			213/5	167½	10 11d		
Cars 33245 13,595 11784		Trans to Dickinson		Cars 35135			Trans to Stanton	

[illegible]

Defendants' Exhibit 75B

[fol. 504]



WE CONFIRM SALE TO YOU
DANIEL F. RICE & CO.

NO. 603v

CAR NO.	ROAD	INITIAL	GRADE
13595	Q		5 yc

TEST WT. 50#

SPLITS [redacted]

MOISTURE 7.0

F. [redacted]

DGE. 2#

OTHER FACTORS [redacted]

SOLD TO	PRICE	TERMS
C P	Delivered #15.4	

DISPOSITION

CITY CONT.	PREM[illegible]	DISCOUNT
1/16/4651		1 2 3 4

DATE 1/25/46 REMARKS after O.K.

Grand Ridge Ill
12 5/4 Cars
Lake

CURTIS 1000 PAT. 2,601,000 CURTIS 1000 INC.

WE CONFIRM SALE TO YOU
DANIEL F. RICE & CO.

NO. 33

CAR NO.	ROAD	INITIAL	GRADE
33145	Q	JN	Rye

TEST WT. 51 lbs.

MOISTURE 21%

DGE. 2%

SOLD TO CP

PRICE

TERMS Settlement #109

DISPOSITION

CITY CONT.	PREMIUM	DISCOUNT
1/15/46 51		93

DATE 1/25/46

REMARKS

Grand Ridge
99 lbs 8"
Lake

[fol. 506]

WE CONFIRM SALE TO YOU NO.

DANIEL F. RICE & CO. 61

CAR NO.	ROAD	INITIAL	GRADE
35935	Q		

TEST WT.	SPLITS
57	

MOISTURE	F. M.
80	109

DGE.	OTHER FACTORS
0	

SOLD TO	PRICE	TERMS
C		

DISPOSITION

CITY CONT.	PREMIUM	DISCOUNT
1/16 41651		93

DATE	REMARKS
1/16	0141

Grand Ridge

Lake

PAT. 1 961 000 CURTIS 1000 INC.

[fol. 507]

WE CONFIRM SALE TO YOU

DANIEL F. RICE & CO.

NO. 1283

CAR NO.	ROAD	INITIAL	GRADE
71984	CB	WP	3C

TEST WT.	SPLITS
53 0	

MOISTURE	F. M.
24 0	#109

DGE.	OTHER FACTORS
2 0	

SOLD TO	PRICE	TERMS
CP		

DISPOSITION

CITY CONT.	PREMIUM	DISCOUNT
118 4657		9¼

DATE	REMARKS
1/28/46	Oxford, Old

Grand Ridge
Lake

GRAIN CORP. FORM 1 501 500 CURTIS 1000 INC.

WE CONFIRM SALE TO YOU

DANIEL F. RICE & CO.

NO 672

CAR NO.	INITIAL	GRADE
37976		4yc

TEST WT. 51 | SPLITS

MOISTURE 19 | F. M.

DGE. 29 | OTHER DEDUCTIONS

SOLD TO | PRICE | TERMS

DISPOSITION

CITY CONT.	PREMIUM	DISCOUNT
7/18 4651		7/4

DATE 7/1/46 | REMARKS

7/14 E Du

Ransom Ill

Lake

Pat. 1,601,600 CURTIS 1000 INC.

[fol. 509]

WE CONFIRM SALE TO YOU
DANIEL F. RICE & CO.

NO. 6218

CAR NO.	ROAD	INITIAL	GRADE
13217			

TEST WT.	SPLITS

MOISTURE	F. M.
213	

DOCK.	OTHER FACTORS
2	

SOLD TO	PRICE	TERMS
Cp		

DISPOSITION

CITY CONT.	PREMIUM	DISCOUNT
118 4 GT 1		1/4

DATE 1/4/46 REMARKS

Curtis 9092 PAT. 1,961,830 CURTIS 1000 INC.

FORM 1551

OUR NO

Carroll Inc.

SELLERS NO

DATE 1/31/46
(1/30/46)

Chgo. Ills.

INSP.	WEIGHTS

AMOUNT	GRADE	PRICE	SHIPMENT	REMARKS
Cts. 2 Cars	2Y	Western Ill. & Iowa inferior Ch. high or poor cg all sizes & sorts	f.o.b.	Less

1.14½
plus 01½
1.15½ Net

EXPIRES

75 c

MAY 16 AMSD

APPLICATIONS

DATE	CAR NO.	WEIGHTS: FACTORY	WEIGHTS: DEALERS	GRADE	PRICE	REMARKS	ADVANCES: DATE	ADVANCES: AMOUNT
	8014	8/1	143875	4	1.11			
	17977	41	14935	4	77			
			14¼			07.015		
			6					
			5					
			2					
			32					
10	10414	41		4	75½	21½		

EXHIBIT 751

[fol. 511]

Refer to Invoice No. 384

Unloaded Chgo 3/1 19__

Car

By CORN PRODUCTS REFINING COMPANY

Corn bought of Cargill Inc

Chicago

Against purchase of _____ for _____ Cars _____ bushels # _____ @ _____,

CAR INITIAL	CAR NUMBER	GRADE	DISCOUNT	WEIGHT	BUSHELS	PRICE	AMOUNT	ADVANCES DATE	ADVANCES AMOUNT	INTEREST CHARGES DAYS	INTEREST CHARGES %	INTEREST CHARGES AMOUNT	FREIGHT
MRS	8014	1 DR 4	4 3/4	80570	1436 25	1.11	1547 01		1425 00				

OUR NO. 210

Defendants' Exhibit 75K

SELLERS NO.

DATE 1/2 (1/20/46)

INSP. WEIGHTS	

Stanley Grain Co.

Sioux City, Ia.

AMOUNT	GRADE	PRICE	BASIS	SHIPMENT	REMARKS
Cts. 2 cars	2 Y	Iowa Clgs Plus Legal Markups or market or new clg. at time of arrv		30 days	OPA SCALE SIOUX CITY WTS. & GRADES

EXPIRES

MAR 6 Ans'd

APPLICATIONS

DATE	CAR NO.	WEIGHT FACTORY	WEIGHT SELLERS	GRADE	PRICE	REMARKS	ADVANCES DATE	ADVANCES AMOUNT
	66036		144.42	20 4y	103½	$1.00	a-40	1497 05

Government Defendants Exhibit 75 K

54CA143

FLANLEY GRAIN CO.

WHOLESALE GRAIN

FORM 1001

OUR NO. 1745 Ago 310

SELLERS NO.

DATE 1/29/46
1/28

Flankey Grain Co.
Sac City Ia

INSP. WEIGHTS
Sac City

AMOUNT	GRADE	PRICE	BASIS	SHIPMENT	REMARKS
2 cars	2y	Dom Elev Nienburg.		590 Corp	L

EXPIRES

Transferred to Peters, per L Dy. letter 2/27

Shotwell Candy Co

APPLICATIONS

DATE	CAR NO.	WEIGHT FACTORY	WEIGHT SELLERS	GRADE	PRICE	REMARKS	ADVANCES DATE	ADVANCES AMOUNT
	66036	sent	to Chicago					
						1 car debited from stock book 2/27 not cancelled 7/1/46		

75-K-3

27 CR 143

COMPANY LETTER

Government Exhibit | Defendants Exhibit 76 A | (✓) Idea. ( ) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE BARNES J.

Chicago, January 29, 1946 Miller - Official Court Reporter

Letter #50 AT.....

Mr. Elmer Buss, Office ROY H. JOHNSON CLERK

Our customers were instrumental in obtaining corn for us as follows:

Chgo 277	A	3 cars	complete corn sold us by	Lowell Hoit Co.	credit	Illinois Valley Ice Cream Co., Streator, Ill. letter to RR Adam 2-25-46
Chgo 279 -246	B	4	" " "	Hollander & Feuerhaken	"	Boulevard Candy Co., Chicago, Ill. letter to RR Adam 2-25-46
Chgo 302	C	1	complete " "	Illinois Grain Corp.	"	Beich Candy Co., Bloomington, Ill.
Chgo 280	D	5	complete " "	Hulburd Warren Chandler	"	John Hill Co., Chicago, Ill. letter to RR Adam 2-25-46
Chgo 293	E	9	complete " "	Hollander & Feuerhaken	"	letter to RR Adam 2-25-46.
a 294	F	5	complete " "	James E. Bennett & Co.	"	letter to RR Adam 2-25-46
a 299	G	5	complete " "	John West & Co.	"	letter to RR Adams 2-25-46.
a 282	H	2	complete " "	Lowell Hoit & Co.	"	King Juices, Chicago, Ill.
a 272	I	1	complete " "	Uhlmann Grain Co.	"	Lemmell Cooky Co., Chicago, Ill. letter to RR Adams 2-25-46
spot 46247-	J	1	complete " "	Lowell Hoit Co.	"	Maher Management (Seven-Up) letter to RR Adam 2-22-46
804 -501-274-	K	22	complete " "	E. M. Combs & Son	"	New Orleans Confection, Chicago,
283	L	2	complete " "	John West & Co.	"	letter to RR Adam 2-26-46
Chgo 284	M	1	complete " "	Lamson Bros. & Co.	"	letter to RR Adam 2-25-46
Chgo 287	N	1	complete " "	James E. Bennett & Co.	"	letter to RR Adam 2-22-46.
Chgo 291.0		3	complete " "	Baldwin Elevator Co.	"	letter to RR Adam 2-25-46
spot 195 417-	P	1	complete " "	Farell & Co.	"	" " " " " "
Chgo 296 313	Q	2	complete " "	Uhlmann Grain Co	letter	to RR Adam 2-22-46 "
spot 307	R	5	complete " "	D. F. Rice & Co.	"	Spotwell Mfg. Co. " " letter to RR Adam 2-25-46
Chgo 281	S	5	complete " "	Hulburd Warren Chandler	"	So-Grape Co., Chicago, Ill. letter to RR Adam 2-25-46.
Chgo 308	T	25,000 bu. (approx. 13 cars)	3 cars not corn 4/17/46	James E. Bennett Co.	"	letter to RR Adam 2-25-46
spot 9316	U	1 car corn sold us by	Complete	Farell & Co.	"	Illinois Canning Co., Hoopeston, Illinois letter to RR Adam 2-22-46
Chgo 290	V	1	complete " "	Lowell Hoit Co.	"	Furst McNess Co., Freeport, Ill.
spot 140356 1564 29	W	1	Complete " "	" " "	letter	to RR Adam 2-22-46. " Reed Ice Cream Co., Omaha, Neb.

[fol. 515]

DEFENDANTS' EXHIBIT 76A

COMPANY LETTER

76A

Chicago, January 29, 1946

Letter #50 - (2)

d-285	X	1 car corn (complete) sold us by	Hollander & Feuerhaken	credit	Reed Ice Cream Co., Omaha, Neb.	letter to R.R. Adam 2-22-46.
a-278	Y	1 " " " " "	Belleville Co-op Grain	"	Hires Bottling Co., Belleville, Ill	letter to R.R. Adam 2-26-46
c-273	Z	1 " " (complete) " " "	Lamson Bros. Co.	"	Cherokee Bottling Co., Cherokee, Iowa.	letter to R.R. Adam 2-22-46.

Very truly yours,

Marion Normile
Secretary to Mr. Allan

MN

cc-Mr. E.W. Schmitt,
New York,
E.E.A. Chicago

[fol. 517]

Chicago, March 21, 1946

Mr. E. W. Schmitt,
New York, N. Y.

Dear Mr. Schmitt:

Please change subdivision "C", letter #50 from 2 cars to one car

[illegible] Company, Bloomington, Illinois.

Very truly yours,

Secretary to Mr. Allan

H.V.L.F.
E.J.C.
M.F.F.
E. Rose

2/14/46

Chicago 6307

SALES DEPARTMENT:

Bonnieton

76A

WE HAVE THIS DAY PURCHASED FROM:

SELLER'S NAME Allen Grain Corp

QUANTITY PURCHASED 1 car Regular Corn

CREDIT Reid Carey Co.

Was originally for 2 cars

Grain Department

Authorized

February 25, 1946

Mr. R. R. Adam
office

Dear Mr. Adam:

Lowell Holt Co. sale of January 29, our letter #50A #277 has been completed. This corn was unloaded at Argo with car numbers and bushels as follows:

CAR NO.	BUSHELS
16307	1510.18
148070	1854.11
121095	1837.86
TOTAL	5202.15

You have informed us that Illinois Valley Ice Cream Co. was interested in this sale.

Very truly yours,

ELMER H. BUSS

af

cc - Mr. R. W. Schmitt

[fol. 519]

February 25, 1946

Mr. R. H. Adam
OFFICE

Dear Mr. Adam:

Hollander & Fourhaken sale of January 29, our letter #505 #279 and 296 has been completed. This corn was unloaded at Argo with car numbers and bushels as follows:

CAR NO.	BUSHELS
502638	1903.57
9470	1801.61
48784	1530.89
32149	1814.82
TOTAL	7050.89

You have informed us that the Boulevard Candy Co. was interested in this sale.

Very truly yours,

ELMER H. BUSS

af

cc - Mr. E. W. Schmitt

February 25, 1946

Mr. R. R. Adam
OFFICE

Dear Mr. Adam:

Hulburd warren Chandler sale of January 29, our letter #500 #280 has been completed. This corn was unloaded at Argo with car numbers and bushels as follows:

CAR NO.	BUSHELS
145875	1586.36
79072	2027.68
706963	1703.75
278139	1843.04
20862	1986.79
TOTAL	9146.62

You have informed us that the John Hill Co. was interested in this sale.

Very truly yours,

ELMER H. HUSS

af

cc - Mr. E. W. Schmitt

[fol. 521]

February 25, 1946

76A

Mr. R. R. Adam
OFFICE

Dear Mr. Adam:

Included in your letter of January 29, our letter #50E #293 was a Hollander & Feuerbaker sale for mine cars in which John Hill Co. was interested. This contract has been partially completed with car numbers and bushels as follows:

CAR NO.	BUSHELS
10650	1827.86
137051	2292.68
20909	1635.54
15313	1431.61
193530	2029.11
47732	1859.11
702653	1719.11
711964	1593.39
TOTAL	14,387.71

The cars were unloaded at Argo, and we will furnish you with the information on the other cars as they are unloaded.

Very truly yours,

ELMER H. BUSS

af

cc - Mr. E. W. Schmitt

COMPANY LETTER

Chicago, January 3[illegible], 1946

Letter #51

Mr. Elmer Buss,
Office

The following customers were instrumental in obtaining corn for us:

A -	1 car corn sold us by	D. F. Rice & Co.	credit Illinois Valley Ice Cream Co., Streator, Ill.
B -	1 " " " " "	Hollander & Feuerhaken	" Major Management (Seven-Up)
C -	9 cars corn sold us by	John West & Co.	" Chocolate Products Co., Chicago, Ill.
D -	2 " " " " "	Hollander & Feuerhaken	" Curtiss Candy Co., Chicago, Ill.
E -	1 car " " " "	D. F. Rice & Co.	" Ft. Dodge Bottling Co., Ft. Dodge, Ia.
F -	1 " " " " "	Faroll & Co.	" G. D. Searle Co., Skokie, Ill.
G -	4 cars " " " "	D. F. Rice & Co.	" Shotwell Mfg. Co., Chicago, Ill.
H -	2 " " " " "	Flanley Grain Co.	" " " " " " "
I -	10,500 bu. (approx. 6 cars)	Baldwin Elevator	" New Orleans Confections, Chicago, I.
J -	6 cars corn sold us by	E. M. Combs & Son	" " " " " " "
K -	4 cars " " " "	Uhlmann Grain Co.	" " " " " " "
L -	1 car " " " "	Lamson Bros. Co.	" " " " " " "
M -	8 cars " " " "	Faroll & Co.	" " " " " " "
N -	6 " " " " "	Hollander & Feuerhaken	Peanut Specialty Co., Chicago, Ill.
O -	50,000 bu. (approx. [illegible] cars)	James E. [illegible]	" So-Grape Co., Chicago, Ill.
P -	25,000 " " " "	E. F. Hay[illegible]	" " " " " "
Q -	1 car corn sold us by	John West [illegible]	" Ideal Mfg. Co., Jacksonville, Ia.
R -	1 " " " " "	[illegible]	" Mueller Grocers Mfg. Co., Grand Rapids
S -	1 car " " " "	[illegible]	" Gold Medal Beverage Co., St. Paul,
T -	1 " " " " "	Louis [illegible]	" " " " "
U -	6 cars " " " "	[illegible]	" Pepsi-Cola Btlg. Co., [illegible]

460

[fol. 524]

COMPANY LETTER

76B

Chicago, January 30, 1946

Letter #51 - (2)

Agent - 43952 W -	1 car corn sold us by	Lowell Hoit Co.	credit	Dad's Root Beer, Philadelphia, Pa.
B - 3a2 X -	1 " " "	Whiteville Elevator	"	National Biscuit Co.
a 346 Y -	about 5,800 bu. " "	Williams Bros. Co.	"	Ward Baking Co.
a 292 Z -	2 cars corn sold us by	Grand Rapids Farmers	"	Variety Club Beverage Co., Toledo, Ohio

Very truly yours,

Marion Rommle

Secretary to Mr. Adam

MR

cc-Mr. E.W. Schmitt,
New York, N.Y.

COMPANY LETTER

Government Exhibit — Defendants Exhibit 76C

In the District Court of the United States, Northern District of Iowa, Eastern Division

No.

Chicago, January 31, 1946.

Mr. Elmer Bass,
Office

Dear Mr. Bass:

The following customers were instrumental in obtaining corn for us:

complete	4 - 10 cars corn sold us by	Stratton Grain Co.	credit Pan American Candy Co., Ashley, Ill.
complete	8 - 1 car	D. F. Rice Co.	Beier Baking Co., Dixon, Ill.
complete	8 - 1	E. C. Combs & Son	Illinois Valley Ice Cream Co., Streator, Ill.
complete	1	Hollander & Feuerhaken	Boulevard Candy Co., Chicago, Ill
complete	11 cars		Peanut Specialty Co., Chicago, Ill.
complete		Lamson Bros.	Mrs. Snyder's, Chicago, Ill.
complete		Hollander & Feuerhaken	Curtiss Candy Co., Chicago, Ill.
not comp 2/28/46	2 cars	Froming Elevator	
complete	1 car	John West & Co.	John Hill Co., Chicago, Ill.
complete	6 cars	D. F. Rice & Co.	Shotwell Mfg. Co., Chicago, Ill.
not complete 2/28/46	(approx. 3 cars)		
complete	corn sold us by	E. E. Combs & Son	Carlay Co., Inc., Chicago, Ill.
complete		Quaker Oats Co.	Quaker Oats Co., Chicago, Ill.
complete	1 car	Lowell Hoit Co.	Maher Management, Chicago, Ill.
complete	7 cars	Hulburd Warren Chandler	Dawn Donut Co., Jackson, Mich.
complete	1 car	Rosenbaum Bros. Co.	Holland American Wafer Co., Grand Rapids, Mich.
complete		Uhlmann Grain Co.	Bon Ton Bakery, Fort Wayne, Ind.
complete	cars	Williams Bros. Co.	Ward Baking Co.,
complete		D. F. Rice & Co.	Model Bakery Co., Fairmont, Minn. (only 100 bgs. sugar on this car
complete			Stella Mfg. Co., Danville, Ill.
complete		C. H. Pultman Grain	New Orleans Confections, Chicago

[fol. 525]

DEFENDANTS' EXHIBIT 76C

462

[fol. 526]

COMPANY LETTER

Chicago, January 31, 1946

Letter #52 (2)

V - 2 cars	corn	complete sold us by	W.W. Dewey & Sons	credit	Howe Anderson Bakery Galesburg, Ill.
W - 3 cars	"	complete " "	G.W. Cole Grain	"	Hireley's
1621 X - 5	"	complete " "	Illinois Grain Co.	"	New Orleans Confections, Chicago, Ill.
Y - 1 car	"	complete " "	W. W. Dewey	"	Lucky Boy Bakery, Galesbur
1621 Z - 1	"	complete " "	Luke Grain Co.	"	Wurst & Miller Bkry., Morton, Ill.

Very truly yours,

Marion Normile

Secretary to Mr. Adam

MN

COMPANY LETTER

Government Exhibit

Defendants Exhibit 76 D

In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
Roy E. Fuller

Letter #51

Chicago, February 1, 1946

Mr. Elmer Bass,
Offipo

Dear Mr. Bass:

The following customers have been instrumental in obtaining corn for us:

F - 1 car	corn sold us by	F B & CC Miles	credit Reed Ice Cream Co., Omaha, Neb.
B - 3 cars	" " " "	Scoular-Bishop	" Stevens-Dr.Pepper,7-Up Btlg. Co., McCook, Neb.
C - 5	" " " "	Hart Grain Co.	" Streckman Bros.,Williamsport, Pa
D - 3	" " " "	Cmar, Inc.,	" Merchants Biscuit Co., Omaha, Neb.
E - 4	" " " "	Root Grain Co.	" Coca Cola Btlg. Wks., Holdredge, Neb
P - 5	" " " "	Continental Grain Co	" Debus Baking Co., Hastings, Neb.
G - 1 car	" " " "	D. F. Rice & Co.	" Carlay Co., Inc., Chicago, Ill.
H - 5 cars	" " " "	Luke Grain Co.	"
I - 1 car	" " " "	J. Younge Grain Co.	"
J - 1	" " " "	Mueller Grain Co.	" So-Grape Co., Chicago, Ill.
K - 1	" " " "	W. W. Dewey & Sons	" New Orleans Confections, Chicago, Ill
L - 1	" " " "	Continental Grain Co.	"
M - 1	" " " "	G. W. Cole Grain Co.	"
N - 1	" " " "	Lowell Hoit Co.	"
O - 1	" " " "	Feltman Grain Co.	"
P - 5 cars	" " " "	Root Grain Co.	" Maher Management Co., Chicago, Ill.
Q - 1 car	" " " "	[illegible] Co.	" National Biscuit Co.
R - 3 cars	" " " "	[illegible]ular Bishop	" Stevens Dr. Pepper 7 Up Btlg. Co., McCook, Nebraska.
S - 3	" " " "	E. E. Combs & Son	" Barley Co., Inc., Chicago, Ill.
T - 1 car	" " " "	John West & Co.	"
U - 2 cars	" " " "	Cargill, Inc.	" Shotwell Candy Co. Chicago, Ill.

[fol. 527]

DEFENDANTS' EXHIBIT 76D

464

[fol. 528]

COMPANY LETTER

7tD

Chicago, February 1, 1946

Letter #53 - (2) 1 Feb '46 no 3-

a 373 V - 6 cars corn sold us by D.F. Rice & Co. 1 car not complete 5/23/46 credit Shotwell Candy Co., Chicago, Ill.

a-380 W - 1 car " " " " Illinois Grain Corp complete " Pepsi-Cola Co., Louisville, Ky.

a-383 X - 2 cars " " " " E. M. Combs & Son complete " Meat Industries, Chicago, Ill.

386 Y - 1 car " " " " Uhlmann Grain Co. complete " ~~International Mlg. Co., Minneapolis, Minn~~ North Center Baking Co.

a 388 Z - 3 cars " " " " Stratton Grain Co. complete " Eli Lilly, Indianapolis, Ind.

letter to R R Adam 3-1-46.

letter to R R Adam 3-1-46.

letter to R R Adam 3-1-46.

letter to R R Adam - 3-1-46.

Yours very truly,

Secretary to Mr. Adam

MH

cc-Mr. E. W. Schmitt,
New York, N. Y.

COMPANY LETTER

Letter #54

Chicago, February 4, 1946

Mr. Elmer Buss,
Office

Dear Mr. Buss:

The following customers were instrumental in obtaining corn for us on a reciprocal basis:

A - 2 cars	corn sold us by	Lowell Hoit & Co.	credit Blue Seal Food Products,	Chicago, Ill.
B - 4 "	" " "	Hulburd-Warren-Chandler	" Burny Bros.,	" " "
C - 2 "	" " "	Stratton Grain Co.	" Carlay Co., Inc.,	" "
D - 3 "	" " "	E. M. Combs Co.	" " " " "	" " "
E - 2,791.24 bushels (approximately 6 cars)		E.R. Bacon Grain Co.	" Curtiss "Candy" Co.,	" " "
F - 2 cars	corn sold us by	Hollander & Feuerhaken	" Curtiss Candy Co.	" " "
G - 5 "	" " "	" " " " "	" DeMet's, Inc.,	" " "
H - 6 "	" " "	" " " " "	" Glaser-Crandall Co.,	" " "
I - 1 car	" " "	John West & Co.	" John Hill Co.	" " "
J - 2 cars	" " "	Lowell Hoit & Co.	" Maher Management Co.,	" " "
K - 1 car	" " "	Hollander & Feuerhaken	" " " " "	" " "
L - 1 "	" " "	" " " " "	" Midwest Food Products	" " "
M - 28 cars	" " "	" " " " "	" Peanut Specialty Co.,	" " "
N - 1 car	" " "	John West & Co.	" Perkins Products Co.	" " "
O - 2 cars	" " "	D. F. Rice & Co.	" Shotwell Mfg. Co.	" " "
P - 5 cars	" " "	Lamson Bros.	" Mrs. Snyder's	" " "
Q - 1 car	" " "	Lowell Hoit & Co.	" Superior Beverage Co.,	Gary, Ind.
R - 1 "	" " "	Uhlmann Grain Co.	" Jelium, Inc.,	Joliet, Ill.
S - 1 car	" " "	Lamson Bros. Co.	" Kautz Baking Co.,	Muscatine, Ia.
T - 1 "	" " "	Lowell Hoit Co.	" Weberling Bakery,	Peru, Ill.
U - 3 cars	" " "	Indiana Grain Coop.	" Citizens Bakery,	Kokomo, Ind.

cc-E.W.S.

Very truly yours,

DEFENDANT'S EXHIBIT 76E

466
[fol 530]
DEFENDANTS' EXHIBIT 76F

COMPANY LETTER

Chicago, February 22, 1966

76 F

Letter #78

Mr. E. Buss
Chicago Office

Dear Mr. Buss:

The following customers were instrumental in obtaining corn for us:

A-4	cars corn sold us by	D. F. Rice & Co.	Credit Peanut Spec. Co., Chicago
B-4	" " " " "	Lowell Holt & Co.	" Mrs. Karls' Bakery, Milwaukee, Wis.
C-3	" " " " "	" " " "	" King Juices, Chicago
D-4	" " " " "	Hollander & Feuerhaken	" Pepsi Cola, Sedalia, Mo.
E-9	" " " " "	Hulburd, Warren, Chandler	" Peanut Spec. Co., Chicago
F-3	" " " " "	Stratton Grain Co.	" Pepsi Cola, Marion, Ill.
G-5	" " " " "	" " "	" " " Quincy, Ill.
H-4	" " " " "	" " "	" Dr. Pepper, Roanoke, Va.
I-1	" " " " "	" " "	" Adams Bakery, Portsmouth, O
J-5	" " " " "	" " "	" St. Louis Fondant Co. St. Louis, Mo.
K-2	" " " " "	" " "	" Vess Beverage Co., Columbus,
L-1	" " " " "	" " "	" Glaser Crandall, Chicago
M-3	" " " " "	" " "	" G. I. Gates Mfg. Co, Columbus, O.
N-1	" " " " "	" " "	" Grapette, Pittsburgh, Kan.
O-2	" " " " "	D. F. Rice & Co.	" Chicago Cardboard Co, Chicago
P-1	" " " " "	" " "	" Pfaff Bakery, Fort Dodge, Ia.
Q-2	" " " " "	" " "	" Staar Bros. Creamery Co. Mt. Vernon, Ill.
R-2	" " " " "	" " "	" Gladness Bakery Co. Minneapolis, Minn.

[fol. 531]

Chicago, February 22, 1946

76F

Page #2
Letter #78

Mr. E. Buss:

831 S-3 cars corn sold us by Lowell Hoit & Co. Credit Chelsea Mfg. Co., Mich.
811 T-2 " " " " " " " " Maher Management Co., Chicago
860 U-1 " " " " " " " " Shotwell Candy Co., Chicago
813 V-4 " " " " " " " " Granite City Ice Cream, Granite City, Ill.
W-2 " " " " " " " " Pepsi Cola, Chicago, Ill.
X-1 " " " " " Hollander & Feuerhaken " Midwest Foods, Chicago
849 Y-3 " " " " " " " " Royalty Confectioners, Chicago
Z-1 " " " " " " " " Maher Management Corp, Chicago

R. R. ADAM

RRA:bc

COMPANY LETTER

76 G

Letter #62

[illegible], February 17, 1936

Mr. Elmer Sun
[illegible]

Dear Mr. Sun:

The following [illegible] in obtaining corn for us:

A - 1 car corn sold us by James [illegible] credit Gillespie Dairy, Gillespie, Ill.
B - 1 car " " L. F. Havey " Crescent Creamery Co., St. Paul, Minn
C - 1 car " " " " " [illegible] " Curtiss Candy Co. Chicago, Ill.
D - 1 car " " " " " James [illegible] " Royalty Confections, Chicago, Ill.
E - 2 cars " " " " E. M. Conter & Son " Chas. Herendeen & Son, Chicago,
F - 1 car " " " " Lowell Holt & Co. " Elgin Foods, Elgin, Ill.
G - 3 cars " " " " A. C. Curry Grain " Brookens Co., Oak Park, Ill.
H - 1 car " " " " L. F. Havey " Stewart Bkg. Co., Bremen, Ind.
I - 1 car " " " " J. West & Co. " Chocolate Products, Chicago, Ill
J - 3 cars " " " " E. W. Conter & Son " Sisco-Hamilton Co., Chicago, Ill.
K - 1 car " " " " Lamson Bros. Co " " " " " " " "
L - 1 " " " " " Hollander & Feuerbaken " Overland Candy Co., Chicago, Ill.
M - 1 " " " " " Cleveland Grain Co. " Pepsi-Cola Co., Louisville, Ky.
N - 1 " " " " " L. F. Rice Co. " Illinois Valley Ice Cream Co., Streator, Ill.
O - 10,000 bu. (approx. 5 cars) Lowell Holt " Vess Beverage Co., St. Louis, Mo.
P - 5 cars corn sold us by Illinois Grain Co. " Pan American Candy Co., Ashley, Il
Q - 2 " " " " " Hulburd Warren Chandler " New Process Bkg. Co., Chicago, Ill.
R - 2 " " " " " J. E. Begley " Star Union Products, Peru, Ill.
S -15 " " " " " Stratton Grain Co. " John Horne, Chicago, Ill.
T -10 " " " " " Stratton Grain Co. " Glaser-Crandall Co., Chicago, Ill.
U -15 " " " " " [illegible] " Shotwell Mfg. Co.
V - 3 " " " " " Illinois Grain Corp. " Valier & Spies, St. Louis, Mo.
W - 4 " " " " " Lamson Bros. " Wm. Wrigley & Co. Chicago, Ill.

RRA/n-cc-EWS

532

COMPANY LETTER

S2249143

FILED

Chicago, May 27, 1940

Government Exhibit — Defendants Exhibit 76H
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
Roy E. Fuller - Official

Letter #192

Mr. Wilkinson
Chicago, Office

Dear Mr. Wilkinson:

The following customers were instrumental in obtaining corn for us:

Cont. No. Chicago				Credit	
2081	A-1	car corn sold us by	E.F. Havey		Kimball Lab. ~~Jewel Tea Co.~~ Chgo, Ill.
2082	B-7	" " " " "	Stratton Grain Co.	"	Shotwell Mfg. Co. Chgo, Ill.
2083	C-1	" " " " "	Stratton Grain Co.	"	Brockamp Choc. Co. Oak Park, Ill.
2084	D-1	" " " " "	Bell Trimble Grain Co.	"	Chadron Milling Co. Chadron, Neb.
K.C. Cont. 3080	E-5	" " " " "	Missouri Farmers Assn.	"	Hathaway Bay. Co. Cambridge, Mass.
spot car 21087	F-1	" " " " "	Lowell Holt & Co.	"	Kimball Lab ~~Jewel Tea~~ Co. Chgo, Ill.
21070	G-1	" " " " "	D.F. Rice & Co.	"	Crescent Creamery St Paul, Minn.
40189	H-1	" " " " "	Lamson Bros. & Co.	"	Henry & Henry Buffalo, N.Y.

Yours truly,

RHA:edl

cc:EWS

[fol. 533]

DEFENDANTS' EXHIBIT 76H

470

[fol. 534]

DEFENDANTS' EXHIBIT 79

F. & F. No. 110 (M) 6-2-41

Expires:—1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

GRAIN DEPARTMENT
CORN GRINDING PLANT
CEDAR RAPIDS, IOWA

PENICK & FORD, LTD.
INCORPORATED

CORN, SUGAR CANE AND MAPLE PRODUCTS

MEMBERS
Grain Dealers National Ass'n.
Western Grain Dealers Ass'n.

Cedar Rapids, Iowa, 8/10/45

Contract No. 3530

Name Lamson Bros. & Co.,
Board of Trade Bldg.,
Address Chicago, Ill.

We confirm purchase from you today of 1 1.17½ Cars ~~Bushels~~ of 57 Corn
For shipment within In Town at ~~31c-15c-7/8~~ cents a bushel basis ~~CHICAGO~~ Peoria St. Louis
For shipment to Cedar Rapids, Iowa, subject to Cedar Rapids weights and inspection.

REMARKS:— Callender
12134 - 13.4% 55.5# 5.9 dgd.

CARS APPLIED

Acct. Sale Number	POINT OF ORIGIN	Car Initial	Car Number	B. B.	Date B/L	Date Unload Arv.	INSPECTION Grade	Moisture	Wt. per Bushel	Dockage	Elev. Count	Date Elev. Loaded	Bushels In	Advance Draft
H-32	Callender	Sou.	1 2 3 4	Loop	8/8	8/10	3	13.4	55.5	5.9		8/1	1 48 278	4.500

[fol. 536]

DEFENDANTS' EXHIBIT 80

Defendants' Exhibit 80

10/11/45

CORN UNLOADED TO DATE FOR RATSUM ACCOUNT

	Car Number	Date of Shipment	Shipper	Origin	Bushels
				Brought For'd	470,106-04
280	BAR 60596	10/4	Eberhardt & Simpson	St. Joe, Mo.	
	x CBQ 56814			Red Cloud, Nebr.	1,136-04
					471,242-08

403 2R143

Invoice

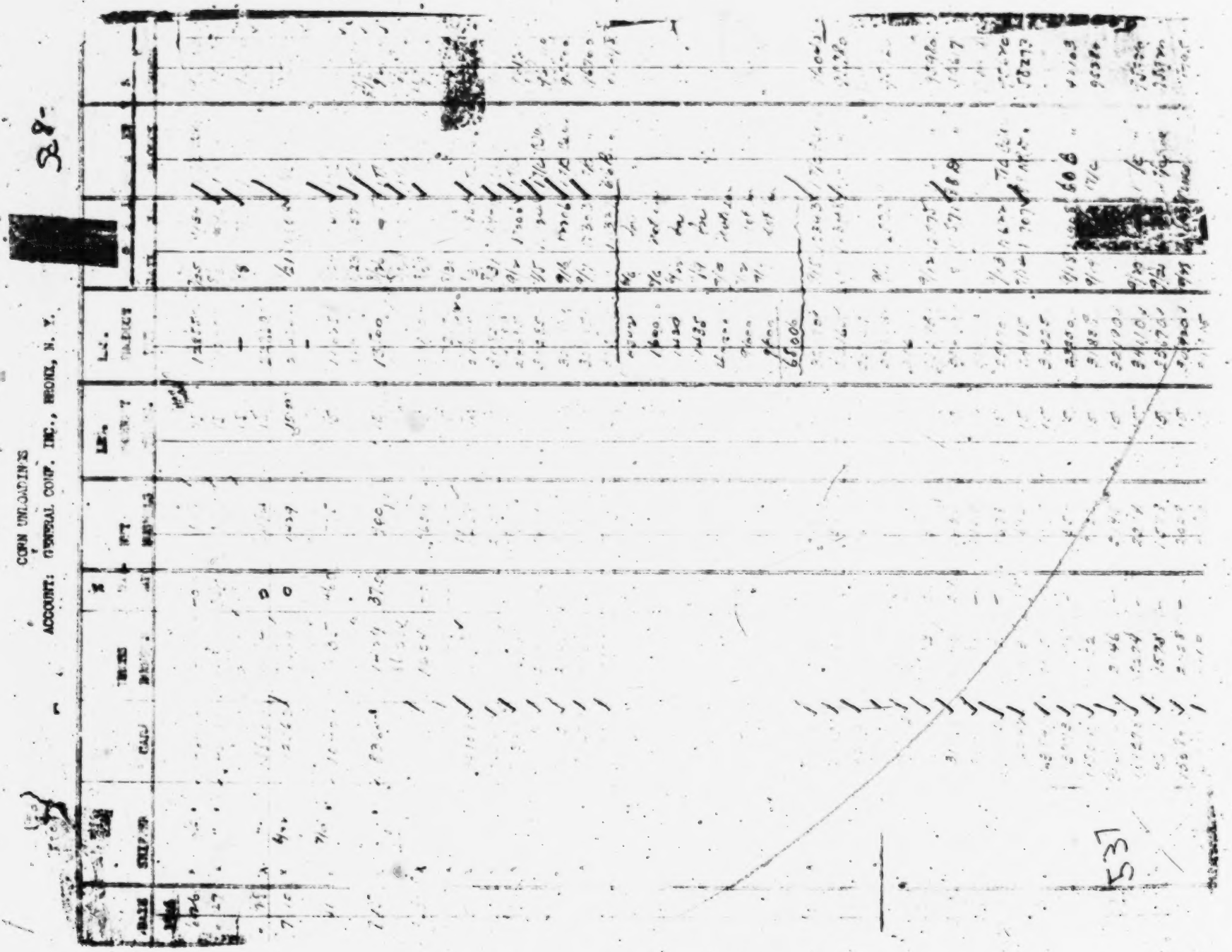
Fenick & Ford, Ltd. Inc.,
Cedar Rapids, Iowa.
Grain Department

80 (✓) Iden. ( ) Rec'd.

cc - Mr. H.A. Moran

[fol. 537]

DEFENDANTS' EXHIBIT 81



[fol. 537a]

19.72529
956.20
582.73
411.03
953.80
957.20
959.20
17.95

24563.40 ¤

CAR &	GROSS BUSHELS	% DAMAGE	NET BUSHELS	LB.S PRODUCT PER BU.	LBS. PRODUCT DUE	INVOICE SHIPMENTS DATE	NO.	PRODUCT	POUNDS

DATE 1946	SHIPPER	CAR #	GROSS BUSHELS	% DAMAGE	NET BUSHELS	LBS. PRODUCT PER BU.	LBS. PRODUCT DUE	INVOICE DATE	INVOICE NO.	INVOICE PRODUCT	INVOICE POUNDS

[fol. 541]

DEFENDANTS' EXHIBIT 82

DEFENDANT'S Ex. 82

TRANSCRIPT MITCHELL MANUFACTURING COMPANY, CHICAGO, ILLINOIS, ACCOUNT [illegible]

DATE 1941	INV. NUMBER	PRODUCT	POUNDS	PRICE PER CWT.	EXTENSION	CASH DISCOUNT ALLOWED	CREDITS RET'D MERCHANDISE Pounds	CREDITS RET'D MERCHANDISE Amount	NET AMOUNT PAID ON TRANSACTION
1/6	1150	One Tank Car 43° CSH	96,000	$2.59	$ 2,486.40	$	1,000	$ 25.90	$ 2,460.50
1/11	1398	One Tank Car 43° CSH	95,920	2.59	2,484.33		560	14.50	2,469.83
2/3	2199	One Tank Car 43° CSH	95,960	2.59	2,485.36		680	17.61	2,467.75
2/8	2573	54/140# bags Comf. Mould. Stch.	7,560	3.10	234.36				234.36
3/7	4397	One Tank Car 43° CSH	96,040	2.59	2,487.44		700	18.13	2,469.31
3/27	7331	400/140# bags Comf. Mould Stch.	56,000	3.00	1,680.00				1,680.00
8/20	10724	One Tank Car 43° CSH	95,900	2.69	2,579.71	51.59	580	15.60	2,512.52
9/4	11395	One Tank Car 43° CSH	96,000	2.69	2,582.40	51.65	400	10.76	2,519.99
10/14	13420	One Tank Car 43° CSH	96,000	2.79	2,678.40	53.57	460	12.83	2,612.00
11/29	15721	One Tank Car 43° CSH	96,120	2.79	2,681.19	52.46	440	12.03	2,616.68
					$22,379.59	$ 269.29		$127.36	$22,082.94

[fol. 542]

-3-

TRANSCRIPT SHOTWELL MANUFACTURING COMPANY, CHICAGO, ILLINOIS, ACCOUNT
YEARS 1941 - 1947 INCL.

DATE	INV. NUMBER	PRODUCT	POUNDS	PRICE PER CWT.	EXTENSION	CASH DISCOUNT ALLOWED	CREDITS NET'D MERCHANDISE		NET AMOUNT PAID ON TRANSACTION
							Pounds	Amount	
1946									
2/4	2282	One Tank Car 43o CSU Hi D.E.	95,480	$3.09	$ 2,950.33	$ 59.01			$ 2,891.32
3/2	3438	One Tank Car 43o CSU Hi D.E.	96,080	3.09	2,968.87	59.38			2,909.49
3/9	3764	100/100# bags Conf. "C" T.B. Stch.	10,000	4.42	442.00	8.84			433.16
3/16	3995	One Tank Car 43o CSU Hi D.E.	95,860	3.09	2,962.07	59.24			2,902.83
3/26	4443	75/100# bags Conf. "C" T.B. Stch.	7,500	4.52	339.00	6.78			332.22
4/5	4889	One Tank Car 43o CSU Hi D.E.	95,380	3.09	2,947.24	58.94			2,888.30
4/10	5080	600/100# bags Conf. "C" T.B. Stch.	60,000	4.32	2,592.00	51.84			2,540.16
5/10	6276	One Tank Car 43o CSU Hi D.E.	96,140	3.09	2,970.73	59.41			2,911.32
6/14	7593	One Tank Car 43o CSU Hi D.E.	96,060	3.09	2,968.25	59.37			2,908.88
7/16	8739	400/100# bags Conf. "C" T.B. Stch.	40,000	5.56	2,224.00	44.48			2,179.52
7/18	1463	49/100# bags Conf. "C" T.B. Stch.)	4,900	5.66	282.43	5.65			276.78
		1/90# bag Conf. "C" T.B. Stch.)	90						
7/22	9005	One Tank Car 43o CSU Hi D.E.	95,880	5.53	5,302.16	106.04			5,196.12
8/17	11032	One Tank Car 43o CSU	96,100	5.21	5,006.81	100.14			4,906.67
8/22	11211	Add'l chg. adj. price Inv. #6276	96,140	(.29)					
	11211	Add'l chg. adj. price Inv. #7593	96,060	.68)	932.01	18.64			913.37
9/21	13078	One Tank Car 43o CSU Hi D.E.	96,000	4.91	4,718.51	94.37			4,624.14
10/2	13612	532/100# bags Conf. "C" T.B. Stch.	53,200	5.99	3,186.68	63.73			3,122.95
10/18	14327	One Tank Car 43o CSU Hi D.E.	96,320	4.81	4,632.99	92.66			4,540.33
11/9	15255	One Tank Car 43o CSU Hi D.E.	95,880	3.76	3,605.09	72.10			3,532.99
12/4	16624	One Tank Car 43o CSU Hi D.E.	96,180	3.41	3,279.74	65.59			3,214.15
					$54,310.91	$1,086.21			$53,224.70

1945								
1/4	1108	One Tank Car 43e CSU Hi D.E.	95,880	3.09	2,962.69	59.25		2,903.44
1/13	1466	One Tank Car 43e CSU Hi D.E.	96,000	3.09	2,966.40	59.33		2,907.07
2/7	2413	600/100# bags Conf. "C" T.B. Stch.	60,000	4.32	2,592.00	51.84		2,540.16
2/17	7197	One Tank Wagon 43e CSU	15,180	3.19	484.24	9.68		474.56
2/23	2872	One Tank Car 43e CSU Hi D.E.	95,180	3.09	2,941.06	58.82		2,882.24
3/12	3550	One Tank Car 43e CSU Hi D.E.	96,380	3.09	2,978.14	59.56		2,918.58
4/2	4377	One Tank Car 43e CSU Hi D.E.	95,060	3.09	2,937.35	58.75		2,878.60
5/7	5819	One Tank Car 43e CSU Hi D.E.	96,180	3.09	2,971.96	59.44		2,912.52
6/6	6998	800/100# bags P.F.P.Stch.7½% Moisture	80,000	3.95	3,160.00	63.20		3,096.80
6/9	7132	One Tank Car 43e CSU Hi D.E.	96,460	3.09	2,980.61	59.61		2,921.00
7/21	8754	600/100# bags Conf. "C" T.B. Stch.	60,000	4.32	2,592.00	51.84		2,540.16
7/23	8767	One Tank Car 43e CSU Hi D.E.	96,260	3.09	2,974.43	59.49		2,914.94
8/6	9344	One Tank Car 43e CSU Hi D.E.	96,260	3.09	2,974.43	59.49		2,914.94
9/10	10422	One Tank Car 43e CSU Hi D.E.	95,740	3.09	2,958.37)	63.25		3,099.32
9/11	8860	33/140# bags Conf. "C" T.B. Stch.	4,620	4.42	204.20)			
9/14	10616	50/100# bags Conf. "C" T.B. Stch.	5,000	4.656	232.80	4.66		228.14
10/6	11478	One Tank Car 43e CSU Hi D.E.	95,880	3.09	2,962.69	59.25		2,909.44
10/20	12114	600/100# bags Conf. "C" T.B. Stch.	60,000	4.32	2,592.00	51.84		2,540.16
11/9	12748	One Tank Car 43e CSU Hi D.E.	95,520	3.09	2,951.57	59.03		2,892.54
12/6	13909	One Tank Car 43e CSU Hi D.E.	96,360	3.09	2,977.52	59.55		2,917.97
					$50,394.46	$1,007.88		$49,386.58

[fol. 544]

Def Ex 82

TRANSCRIPT SHOTWELL MANUFACTURING COMPANY, CHICAGO, ILLINOIS, ACCOUNT
YEARS 1941 - 1947 INCL.

DATE	INV. NUMBER	PRODUCT	POUNDS	PRICE PER CWT.	EXTENSION	CASH DISCOUNT ALLOWED	CREDITS RET'D MERCHANDISE		NET AMOUNT PAID ON TRANSACTION
1944							Pounds	Amount	
1/11	1372	One Tank Car 43e CSU Hi D.E.	95,780	$2.79	$ 2,672.26	$ 53.44			$ 2,618.82
2/11	2659	700/100# bags Conf. "C" T.B. Stch.	70,000	3.70	2,590.00	51.80			2,538.20
2/25	3323	Add'l chg. adj. price Inv. #2659	70,000	.62	434.00	8.68			425.32
2/28	3553	One Tank Car 43e CSU Hi D.E.	96,400	2.79	2,689.56	53.79			2,635.77
3/17	4283	One Tank Car 43e CSU Hi D.E.	96,360	2.79	2,688.44	53.77			2,634.67
3/21	4397	350/100# bags Conf. "C" T.B. Stch.	35,000	4.32	1,512.00)				
	4397	350/100# bags Conf. Mould. Stch.	35,000	3.83	1,340.50)	57.05			2,795.45
4/20	5328	One Tank Car 43e CSU Hi D.E.	96,740	2.79	2,699.05	53.98			2,645.07
5/27	6562	One Tank Car 43e CSU Hi D.E.	96,420	2.79	2,690.12	53.80			2,636.32
6/3	6813	Add'l chg. adj. price Inv. #4283	96,360	.30	289.08)				
6/3	6892	Add'l chg. adj. price Inv. #5328	96,740	.30	290.22)				
6/3	7161	Add'l chg. adj. price Inv. #6562	96,420	.30	289.26)	17.37			851.19
7/5	8272	One Tank Car 43e CSU Hi D.E.	95,620	3.09	2,954.66	59.09			2,895.57
8/5	9392	One Tank Car 43e CSU Hi D.E.	96,120	3.09	2,970.11	59.40			2,910.71
9/6	10572	One Tank Car 43e CSU Hi D.E.	96,340	3.09	2,976.91	59.54			2,917.37
10/6	11748	One Tank Car 43e CSU	96,220	3.09	2,973.20	59.46			2,913.74
11/10	13154	One Tank Car 43e CSU Hi D.E.	96,020	3.09	2,967.02	59.34			2,907.68
12/9	14356	One Tank Car 43e CSU Hi D.E.	95,500	3.09	2,950.95	59.02			2,891.93
					$37,977.34	$ 759.53			$37,217.81

[fol. 545]

1942									
1/21	2289	One Tank Car 43o CSU	95,940	2.79	2,676.73	53.53	1,240	33.91	2,589.29
3/9	4476	One Tank Car 43o CSU	96,000	2.79	2,678.40	53.57	720	19.69	2,605.14
4/15	6364	One Tank Car 43o CSU	95,700	2.79	2,670.03	53.40	780	21.32	2,595.31
6/23	7993	75/140# bags Conf. "C" T.B. Stch.	10,500	3.80	399.00	7.55			391.45
6/24	10133	One Tank Car 43o CSU	95,200	2.79	2,656.08	53.12	1,280	35.00	2,567.96
7/2	8109	75/140# bags Conf. "C" T.B. Stch.	10,500	3.80	399.00	7.98			391.02
7/4	10690	One Tank Car 43o CSU	95,680	2.79	2,669.47	53.39	880	24.06	2,592.02
7/16	8297	75/140# bags Conf. "C" T.B. Stch.	10,500	3.80	399.00	7.98			391.02
7/24	8399	35/140# bags Conf. Mould. Stch.	4,900	3.30	161.70	3.23			158.47
8/7	8600	One Tank Wagon 43o CSU	14,910	2.89	430.90	8.62			422.28
8/8	8601	One Tank Wagon 43o CSU	12,860	2.89	371.65	7.43			364.22
8/8	12331	One Tank Car 43o CSU Hi D.E.	96,000	2.79	2,678.40	53.57	680	18.59	2,606.24
9/16	14251	One Tank Car 43o CSU Hi D.E.	95,960	2.79	2,677.28	53.55	1,260	34.45	2,589.28
10/14	15633	One Tank Car 43o CSU Hi D.E.	95,820	2.79	2,673.38	53.46	400	10.94	2,608.98
11/25	17473	One Tank Car 43o CSU Hi D.E.	94,380	2.79	2,633.20	52.66	700	19.14	2,561.40
12/29	18948	One Tank Car 43o CSU Hi D.E.	95,100	2.79	2,653.29	52.68	960	26.24	2,574.37
					$28,827.51	$ 575.72		$243.34	$28,008.45
1943									
1/11	1387	428/140# bags Conf. "C" T.B. Stch.	59,920	3.70	2,217.04	44.35			2,172.69
1/20	1824	One Tank Car 43o CSU	95,220	2.79	2,656.64	53.13	620	16.95	2,586.56
2/24	3400	One Tank Car 43o CSU Hi D.E.	95,500	2.79	2,664.45	53.29	1,500	41.01	2,570.15
4/7	5152	One Tank Car 43o CSU Hi D.E.	96,200	2.79	2,683.98	52.86	480	13.12	2,618.00
4/17	5659	428/140# bags Conf. "C" T.B. Stch.	59,920	3.70	2,217.04	44.34			2,172.70
5/5	6413	One Tank Car 43o CSU Hi D.E.	96,520	2.79	2,692.91	53.86	800	21.87	2,617.18
6/16	8198	One Tank Car 43o CSU Hi D.E.	96,360	2.79	2,688.44	53.33	320	8.75	2,626.36
7/24	9921	One Tank Car 43o CSU Hi D.E.	96,700	2.79	2,697.93	53.96	1,000	27.34	2,616.63
8/11	10693	One Tank Car 43o CSU Hi D.E.	96,240	2.79	2,685.10	53.70	460	12.57	2,618.83
10/27	14101	One Tank Car 43o CSU Hi D.E.	95,940	2.79	2,676.73	53:53	260	7.10	2,616.10
11/23	15318	One Tank Car 43o CSU Hi D.E.	95,760	2.79	2,671.70	53.29			2,618.41
12/11	16137	500/140# bags Conf. "C" T.B. Stch.	70,000	3.70	2,590.00	51.80			2,538.20
12/16	16303	One Tank Car 43o CSU Hi D.E.	95,460	2.79	2,663.33	53.27			2,610.06
					$33,805.29	$ 674.71		$118.71	$32,981.87

[fol. 546]

1947										
1/11-	1381	One Tank Car 43o CSU Hi D.E.	95,880	3.11	2,981.87	59.64			2,922.23
2/8	2440	One Tank Car 43o CSU Hi D.E.	95,120	3.11	2,958.23	59.16			2,899.07
3/8	3634	One Tank Car 43o CSU Hi D.E.	94,300	3.51	3,309.93	66.20			3,243.73
3/18	3715	23/100# bags Conf. "C" T.B. Stch.	2,300	5.12	117.76	2.36			115.40
4/12	5013	One Tank Car 43o CSU Hi D.E.	95,440	4.11	3,922.58	78.45			3,844.13
4/15	4011	One Tank Wagon 42o CSU Hi D.E.	14,760	4.21	621.40	12.43			608.97
5/10	6066	One Tank Car 43o CSU Hi D.E.	96,540	3.96	3,822.98	76.46			3,746.52
6/13	7393	One Tank Car 43o CSU Hi D.E.	96,360	4.96	4,779.46	95.59			4,683.87
7/3	8146	One Tank Car 43o CSU Hi D.E.	96,060	5.21	5,004.73	100.09			4,904.64
8/6	9611	One Tank Car 43o CSU Hi D.E.	96,020	5.21	5,002.64	100.05			4,902.59
9/13	11188	One Tank Car 43o CSU Hi D.E.	95,800	5.96	5,709.68	114.19			5,595.49
10/10	12400	One Tank Car 43o CSU Hi D.E.	96,640	5.46	5,276.54	105.53			5,171.01
11/8	13563	One Tank Car 43o CSU Hi D.E.	96,220	5.46	5,253.61	105.07	400	21.40	5,127.14
12/6	14650	One Tank Car 43o CSU Hi D.E.	96,520	5.46	5,269.99	105.40	460	24.62	5,139.97
					$54,031.40	$1,080.62		$ 46.02	$52,904.76

[fol. 547]

DEFENDANTS' EXHIBIT 83

Exhibit A

PENICK & FORD, LTD.
INCORPORATED
CORN, SUGAR CANE AND MAPLE PRODUCTS

GRAIN DEPARTMENT
CORN GRINDING PLANT
CEDAR RAPIDS, IOWA

Grain Dealers National Ass'n.
Western Grain Dealers Ass'n.

Cedar Rapids, Iowa 2/8/46

Contract No 4480

Name Cargill, Inc.,

Address City

We confirm purchase from you today of 1 Cars Bushels of 2 y Corn

For shipment within Soon as possible ceiling * cents a bushel basis CHICAGO area A

For shipment to Cedar Rapids, Iowa, subject to Cedar Rapids weights and inspection.

REMARKS:—

Plus 2-1/2¢ merchandising - 1/2¢ brokerage

OPA discounts

*Present ceiling, ceiling in effect at time of shipment, or market whichever is the lowest to apply

Cert. Sale Number	POINT OF ORIGIN	Car Initial	Car Number	B. B.	Date S/L	Date Rec'd Arr.	INSPECTION Grade	Moisture	Wt. per Bushel	Dockage	Discount	Date Unloaded	Bushels lb.	Advance Draft
9201	Mgle		9280			3/13	2y		43		2 3/4	3/13	1575	

(fol. 549)

DEFENDANTS' EXHIBIT 84

Express—1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

GRAIN DEPARTMENT
CORN GRINDING PLANT
CEDAR RAPIDS, IOWA

PENICK & FORD, LTD.
INCORPORATED
CORN SUGAR CANE AND MAPLE PRODUCTS

MEMBERS
Grain Dealers National Ass'n.
Western Grain Dealers Ass'n

Cedar Rapids, Iowa 2/7/46

Contract No 6475

Name Cargill, Inc.,

Address City

We confirm purchase from you today of 5 Cars of 2 y Corn

For shipment within as soon as possible at ceiling * cents a bushel basis Area A

For shipment to Cedar Rapids, Iowa, subject to Cedar Rapids weights and inspection

REMARKS:

Plus 3-1/8% merchandising - 1/8% brokerage

*Present ceiling, ceiling in effect time of shipment, or market whichever is the lowest to apply

OPA discounts, CARS APPLIED

Car Initial	Car Number	Date Shipped	Inspection Grade	Inspection Moisture	Inspection Test Weight	Inspection Damage	Billed To	Bushels	Advance Draft

$49

[fol. 551]

DEFENDANTS' EXHIBIT 85

Express— 1 2 3 4 ... 27 28 29 30 31

PENICK & FORD, LTD.
INCORPORATED
CORN, SUGAR CANE AND MAPLE PRODUCTS

GRAIN DEPARTMENT
CORN GRINDING PLANT
CEDAR RAPIDS, IOWA

MEMBERS
Grain Dealers National Ass'n
Western Grain Deale. Ass'n

Cedar Rapids, Iowa 2/6/46

Contract No. 4474

Name Daniel F. Rice & Company

Address Board of Trade Bldg.,
Chicago, 4, Ill.

We confirm purchase from you today of 1 Cars [illegible] of 2 y Corn

For shipment within 60 days at ceiling * cents a bushel basis [illegible] St. Louis

For shipment to Cedar Rapids, Iowa, subject to Cedar Rapids weights and inspection.

REMARKS: Fix 2-1/2¢ merchandising
Off invoice
*present ceiling, ceiling in effect time of shipment, or
market whichever is the highest to apply

CARS APPLIED

Our Number	Point of Origin	Car Initial	Car Number	B/L	Date B/L	Date Notice Arr.	Grade	Inspection: Moisture	Inspection: Wt. per Bushel	Inspection: Damaged	Dockage	Net Un-loaded	Bushels	Advance Draft
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

108 553

DEFENDANTS' EXHIBIT 86

Exhibit 17

Express 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

GRAIN DEPARTMENT
CORN GRINDING PLANT
CEDAR RAPIDS, IOWA

PENICK & FORD, LTD.
INCORPORATED
CORN, SUGAR CANE AND MAPLE PRODUCTS

MEMBERS
Grain Dealers National Ass'n
Western Grain Dealers Ass'n

Cedar Rapids, Iowa 8/5/41

Contract No. 44

Name Cargill, Inc.,

Address

We confirm purchase from you today of [redacted] Corn

Loadings within [redacted] at [redacted]

Loadings Cedar Rapids, Iowa subject to Cedar Rapids weights and [illegible]

REMARKS

ORIGINAL

CARS APPLIED

[redacted]

DEFENDANT'S EXHIBIT 87

Exhibit H

PENICK & FORD, LTD.
INCORPORATED
CORN, SUGAR CANE AND MAPLE PRODUCTS

GRAIN DEPARTMENT
CORN GRINDING PLANT
CEDAR RAPIDS IOWA

Grain Dealers National Ass'n.
Western Grain Dealers Ass'n.

Cedar Rapids, Iowa, 2/2/40

Name Daniel F. Rice & Co.,
Address Peoria, Ill.

Cars Ordered 17

Cars Applied

[fol. 557]

DEFENDANTS' EXHIBIT 88

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE

No. 530

THE NATIONAL ARCHIVES

[Emblem]

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

I CERTIFY That the annexed copy, or each of the specified number of annexed copies, of each document listed below is a true copy of a document in the official custody of the Archivist of the United States.

FROM THE RECORDS OF THE OFFICE OF WAR MOBILIZATION AND RECONVERSION:

Letter dated May 1, 1946, from Chester Bowles to the Honorable Will Clayton.

IN TESTIMONY WHEREOF, I, WAYNE C. GROVER, Archivist of the United States, have hereunto caused the Seal of the National Archives to be affixed and my name subscribed by the Chief Archivist, Industrial Records Branch of the National Archives, in the District of Columbia, this 13th day of March 1953.

/s/ WAYNE C. GROVER
Archivist of the United States

By /s/ PAUL LEWINSON

[Seal]

GSA Form 86
August 1950
(Formerly NA 42)

[fol. 558]

[Handwritten notation—grain, corn, wheat.]

May 1, 1946

Honorable Will Clayton
Assistant Secretary of State
Washington 25, D. C.

Dear Will:

Thank you for your letter of April 23 relative to the problem of obtaining additional grain for shipment to the famine areas of the world. We certainly are in complete agreement on the absolute necessity for taking strong action to see that the maximum amount of food is sent to these areas.

I agree with you that excessive amounts of corn have been fed because of the very favorable hog-corn price relationships that have existed for the past several years. You noted, I am sure, that in my letter of April 4 to Secretary Anderson we recognized this fact and made certain specific recommendations relative to hog prices which we felt would help in correcting the situation. Our suggestions are not accepted on these points.

Any material increase in corn prices would undoubtedly force us either to increase subsidies on most livestock, dairy, and poultry products or permit substantial increases in the prices of all of these commodities. Not only would it force price adjustments in these livestock and poultry products, but the pressure would be terrific to have us increase prices of wheat and other grains to a parity relationship with the higher corn ceiling. It is my opinion that this is more than the stabilization program can stand right now, so I decided that the best alternative is to pay a subsidy on wheat and corn marketed during the weeks immediately ahead.

As to the present level of corn prices, the Department of Agriculture advises us that it is sufficiently high to enable them to achieve the production goals they have set. It is, therefore, not an impediment to production goals.

In more than one instance it has been brought forcefully home to us that price squeezes are not the only reason—in fact I doubt whether they are the principal reason—for black markets developing. Black markets for the most part are the result of scarcity rather than prices. For instance, black markets have been prevalent in whisky, and there [fol. 559] definitely was no squeeze on whisky prices. The same was true of gasoline. In periods of extreme scarcity relative to the demand black markets probably will develop in spite of any reasonable price. With the present demand for corn, I am convinced that an increase in ceiling prices would not cure the situation, but would mean that the black marketeer would start adding his illegal premium to a higher base. I do not feel that the government should put itself in the position of establishing ceiling prices at whatever level prevails in the black market.

Under the present program whereby C.C.C. pays a premium of 30 cents per bushel for wheat and corn delivered to them, it definitely puts that agency in a favored position to get the supplies they need. I believe it is the only possible way—short of requisition—to get the amount of grain they need in the time remaining. Certainly an increase in ceiling prices would merely mean that C.C.C. would have to continue to compete with feeders and industries and on a higher price level.

You may be sure that we shall continue to work toward the best possible solution of this problem of meeting our commitments to the needy of the world. We will appreciate it if you will give us the benefit of any suggestions you may have at any time.

Very sincerely yours,

Chester Bowles
Director

cc: Mr. Bowles
Dean McNeal
Paul Duncan

McNeal:JFBrownlee:ame

[fol. 560]

DEFENDANTS' EXHIBIT 89

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE

No. 531

THE NATIONAL ARCHIVES

[Emblem]

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

I CERTIFY That the annexed copy, or each of the specified number of annexed copies, of each document listed below is a true copy of a document in the official custody of the Archivist of the United States.

FROM THE RECORDS OF THE OFFICE OF WAR MOBILIZATION AND RECONVERSION:

Memorandum dated May 2, 1946, from Robert H. Shields to Secretary of Agriculture.

IN TESTIMONY WHEREOF, I, WAYNE C. GROVER, Archivist of the United States, have hereunto caused the Seal of the National Archives to be affixed and my name subscribed by the Chief Archivist, Industrial Records Branch of the National Archives, in the District of Columbia, this 13th day of March 1953.

/s/ WAYNE C. GROVER
Archivist of the United States

By /s/ PAUL LEWINSON

[Seal]

GSA Form 86
August 1950
(Formerly NA 42)

[fol. 561]

To: Secretary of Agriculture

From: Robert H. Shields, Administrator

Subject: Corn Situation

In my memorandum of May 1 with reference to the grain situation it was indicated that good progress is being made under the corn purchase program and it was anticipated that the 50 million bushels would be acquired within a relatively short period of time. It was indicated further that on the basis of arrangements made to date, it appears that the export program for the next 90 days with respect to corn and corn products acquired through the purchase program would be approximately as follows:

Exports as whole corn—6 million bushels per month, total for period	18 million bushels
Exports as meal and grits (from dry milling industry)	10 " "
Exports as food starch, sirup, and corn sugar (from wet milling industry)	7 " "
TOTAL	35 million bushels

This would leave approximately 15 million bushels for domestic use, of which about 1 million would be required for serum hogs, leaving 14 million bushels which might be divided roughly 50-50 between the dry and wet milling industries. With such a quantity of corn it would be possible by supplying corn only to wet and dry millers in the worst inventory position to keep these industries operating at the level permitted by existing war food orders until about June 15.

Only one wet corn processor has sufficient inventory of corn to insure continuous operation much beyond July 1 and that processor probably will run out before the first of September. We have relatively little information with re-

spect to the inventory position of dry millers but it is probable that most of them will be shut down by July 1 if only about 7 million bushels are supplied to them under the corn purchase program.

[fol. 562] We must formulate plans immediately for handling the corn situation for the remainder of this crop year and a sound program should be worked out with the Office of Price Administration and the Director of Economic Stabilization in order that we may avoid in 1946-47 the chaotic situation that developed in 1945-46. With respect to the immediate situation the following 3 alternatives are suggested for consideration:

1. Complete the present corn purchase program as quickly as possible and get out of the market, with no price changes.
2. Extend the corn purchase program to permit purchases up to 125 million bushels and postpone temporarily any changes in price ceilings.
3. Complete the corn purchase program as quickly as possible and increase price ceilings on corn by 25 or 30 cents per bushel immediately following termination of the purchase program.

Alternative No. 1 would, in our judgment, bring about the following conditions:

(a) Marketings of corn will dwindle to almost nothing except for such quantities as are marketed as a result of barter deals and black market operations.

(b) Both the wet and dry processing industries will be largely shut down after about July 1 except where they acquire corn indirectly through black market and barter operations. When corn is thus acquired the products go largely to less essential industries, such as, confectioneries and soft drink manufacturers who, according to reports, have been active in acquiring corn by black market operations. Practically no corn will be available to

feeders and mixed food manufacturers in the deficit areas.

(c) There will be no assurance of any over-all correction in the grain situation for the 1946-47 year.

Alternative No. 2 offers the following advantages:

(a) The 125 million bushels of corn, if acquired, would provide the 35 million bushels of corn for carrying out the export program described above; 44 million bushels of corn required to keep wet corn industry operating at the rate authorized in WFO-145 until new crop corn is available; 35 million bushels of corn for the dry milling industry which might be adequate to keep that industry operating at the level authorized under WFO-145 until new crop [fol. 563] corn becomes available; provide 1 million bushels of corn for serum hogs; and a reserve of 10 million bushels of corn for exports after August 1 or for other purposes.

(b) It would permit some postponement in adjustments in grain ceilings, but prior to the beginning of the 1946-47 marketing year all grain ceilings should be adjusted to the levels which appear desirable for the entire 1946-47 marketing year.

On the other hand, alternative 2 has the following disadvantages:

(1) It offers no answer to the food problem in the deficit areas. In fact, the absorption by the Government of virtually all market supplies of corn and the allocation of this corn to export, and to processors and dry millers would further reduce supplies of food available to deficit food areas and make us more vulnerable to charges of discrimination against (a) feeders and feed mixers and (b) flour mills and bakeries which will not be assured of a supply of raw materials comparable to that

being assured to corn processors, dry millers, and their customers.

(2) The subsidy cost to the Government would be increased by $22,500,000.

Alternative No. 3 would:

(a) Avoid an increase in the amount of subsidy funds required to carry out the grain program in 1946;

(b) provide feeders and feed mixers in deficit areas an opportunity to obtain a more adequate share of the available corn supplies than under alternatives 1 or 2; and

(c) would not place the Department in the position of having discriminated against feeders, feed mixers, flour millers, and bakers.

On the other hand, while wet processors and dry millers would be able to purchase more corn than under alternative 1 they would not be assured of adequate supplies of corn to maintain continuous operation at authorized levels, and more of their products would go for less essential uses than under alternative 2.

[fol. 564] Looking ahead to the 1946-47 marketing year, the following should be kept in mind.

1. Before the beginning of the marketing year for each grain the ceilings should be established at a level which will make it unnecessary to make changes during the marketing year and which will not cause serious maladjustments in supplies during the year.

2. Grains cannot be successfully rationed among feeders and war food orders or Government purchase programs designed to allocate grains among industrial users and feed mixers are poor substitutes for proper price relationships.

3. With the probability of continuing food shortages in 1946-47, we cannot afford again to use too much of our

grains for feed and then be short of grain for the more efficient industrial and direct food uses of grain. Adequate supplies of grain for non-feed uses can be assured only if grain prices are slightly on the high side in relation to livestock prices.

If livestock and poultry prices are maintained at present levels an increase of 25 to 30 cents per bushel in the corn ceiling and 5 to 10 cents per bushel in the ceilings for other grains might provide a satisfactory level of grain price ceilings for the 1946-47 marketing year.

These adjustments should be made immediately following the termination of the corn purchase program in the case of corn, and not later than June 1, 1946 in the case of other grains.

We recommend that alternative No. 3 be adopted with respect to corn and that prompt steps be taken to effectuate not later than June 1, 1946, the price ceiling changes indicated above.

CCFarrington:NF
5-2-46

[fol. 565]

DEFENDANTS' EXHIBIT 90

GENERAL SERVICES ADMINISTRATION
NATIONAL ARCHIVES AND RECORDS SERVICE

No. 301

THE NATIONAL ARCHIVES

[Emblem]

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

I CERTIFY That the annexed copy, or each of the specified number of annexed copies, of each document listed below is a true copy of a document in the official custody of the Archivist of the United States.

FROM THE RECORDS OF THE OFFICE OF PRICE ADMINISTRATION:

Page 3 of Weekly Highlight Report No. 26 dated April 4, 1946, from Robert Marks, Chief, Regional Food Enforcement Section, Chicago, Illinois, to Herman Greenberg, Director, Food Enforcement Division, Washington, D. C.

IN TESTIMONY WHEREOF, I, WAYNE C. GROVER, Archivist of the United States, have hereunto caused the Seal of the National Archives to be affixed and my name subscribed by the Chief Archivist, Industrial Records Branch of the National Archives, in the District of Columbia, this 8th day of December 1952.

/s/ WAYNE C. GROVER
Archivist of the United States

By /s/ PAUL LEWINSON

[Seal]

GSA Form 86
August 1950
(Formerly NA 42)

of their friends in the country area and because they are better situated with respect to getting out in the country with trucks. The farmers in that area have reported that because of bad corn, the movement of cattle to market has been delayed until the end of April or the middle of May when normally it would be ready for market, now. This report, too, indicates that a good amount of cattle is moving from local auction sales and farms to country and small slaughterers and is not reaching the stockyards. Here again a restoration of the control order will permit these offices to move quickly on that problem. *We cannot stress too much that all of you should be ready to move quickly against this large number of small slaughterers if and when the control order is restored so that we may quickly reproduce the success of our last spring's meat enforcement program.*

Groceries and Dairy Products: Corn remains a problem in all districts. In fact, as Omaha points out, as more corn moves out and the supply becomes smaller the pressure becomes greater. In fact, they say the pressure is so great that a good amount of corn is moving out now which would ordinarily be held by farmers until the next crop, with the result that in the late summer and fall we may anticipate an even shorter corn supply. The Omaha criminal corn case referred to in our last report has grown so in size that it is now the subject of an integrated investigation and will probably involve from 75 to 100 elevators and large processors before it is completed. On the crib leasing problem raised last week, we are advised that the Omaha company that began the practice has temporarily stopped pending a visit by their men to the National office. The company will then determine whether to discontinue the practice permanently or have the Court determine whether the practice is a violation, as we say it is. Burnell Hendrikson reports from Sioux Falls that the side-payment offered by processors has become so brazen that there is no limit to the extent to which these processors will go. When the Omaha criminal case is completed and filed it will shatter a lot of the ego of these processors.

Des Moines states that most corn is earmarked for special buyers before it is received by country shippers which proves, as Burnell has indicated, that processors are negotiating directly with producers and having the corn shipped through particular agents. Des Moines indicates, too, that many farmer trucker merchants in the area have now made arrangements either with established merchants or new merchandisers (often members of their own family) to act as common carriers with respect to corn purchased for the account of these merchandisers because common carriers rates usually exceeded "hauling allowances" under the regulation. Des Moines, incidentally, has developed a good number of corn cases this month as we will indicate in our next report. Omaha again reports that the corn situation

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[fol. 567]

DEFENDANTS' EXHIBIT 91

UNITED STATES [EMBLEM] OF AMERICA

FEDERAL TRADE COMMISSION

I, D. C. Daniel, Secretary of the Federal Trade Commission, and official custodian of its records, do hereby certify that attached is a full, true, and complete copy of:

Report on Economic Effects of Grain Exchange Actions Affecting Futures Trading during the first six months of 1946 entered by the Federal Trade Commission February 4, 1947.

IN WITNESS WHEREOF, I have hereunto subscribed my name and caused the seal of the Federal Trade Commission to be affixed this 30th day of March, A. D. 1953, at Washington, D. C.

/s/ D. C. DANIEL
Secretary.

[Seal]

F.T.C. 111

[fol. 568]

Federal Trade Commission

Report on

ECONOMIC EFFECTS OF GRAIN EXCHANGE ACTIONS AFFECTING FUTURES TRADING DURING THE FIRST SIX MONTHS OF 1946

February 4, 1947

[fol. 569]

FEDERAL TRADE COMMISSION

Garland S. Ferguson, Chairman
Ewin L. Davis
William A. Ayres
Robert E. Freer
Lowell B. Mason
Otis B. Johnson, Secretary

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Report on

ECONOMIC EFFECTS OF GRAIN EXCHANGE ACTIONS AFFECTING FUTURES TRADING DURING THE FIRST SIX MONTHS OF 1946

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DEFENDANTS' EXHIBIT 91

(See Opposite) ☞

[fol. 575]

Report of the

FEDERAL TRADE COMMISSION

on

ECONOMIC EFFECTS OF GRAIN EXCHANGE ACTIONS AFFECTING FUTURES TRADING DURING THE FIRST SIX MONTHS OF 1946

SUMMARY

BACKGROUND CONDITIONS

The history of the operations of the Chicago, Kansas City and Minneapolis grain exchanges during the first six months of 1946 constitutes a practical demonstration that the business of trading in futures contracts cannot be conducted "as usual" under a combination of shortages in supply, Government regulation of prices and severe restrictions as to the movement and disposition of already short supplies.

Shortage of corn became very evident when free corn could not be accumulated in deliverable position to satisfy July and September 1945 futures in Chicago. Similar difficulty was experienced in December with respect to both wheat and corn. Defaults in July and December 1945 corn and December 1945 wheat were settled at ceiling prices involving little or no penalty to defaulters. Also, the September 1945 corn contracts were closed out prematurely on August 2, 1945. These actions served as precedents for one or more subsequent actions by each of the three principal grain exchanges in closing out futures at ceilings either before maturity or when in default.

Several reasons contributed to the failure of the 1945 new crop movement of corn to bring relief in the futures market. An unusually large part of the crop was so damaged by early frosts as to be of low grade and of such high moisture content that it could not be stored in bulk until after drying.

The ceiling price value of corn per 100 pounds was low in comparison with that of other grains.1/ Corn, which was scarce, not only was the cheapest feed grain per 100 pounds, but also marketing it in the form of fattened livestock would yield the farmer a higher price than marketing it as grain. The basis for a black market was laid in the fact that the ceiling price undervalued corn both in relation to other grains and livestock. Corn practically disappeared from regular marketing channels.

The extent of growing shortages in all grains was not fully realized until after January 1, 1946. In the meantime the Government had obligated itself to deliver large quantities of wheat. War Food Order No. 144 (effective March 2, 1946) was adopted in order to assure supplies to meet Government commitments by requiring all grain merchants to offer to the Commodity Credit Corporation at the end of each week all stocks of wheat in excess of the quantity required to fill orders in hand having preference status. This made it impossible for grain merchants to accumulate and store wheat for more than one week in position for delivery on futures. Also the Government somewhat later began paying 25 cents per bushel

1/Ceiling price values per 100 pounds were as follows: Corn, $2.116 per cwt.; Oats, $1.531 per cwt.; Barley, $2.863 per cwt.; Wheat, $3.098 per cwt. The value of corn in relation to oats was quite abnormal as corn usually sells for more than oats by amounts sometimes 50 to 60 cents per cwt., especially when corn is scarce.

premium for corn in competition with the black market. These measures made it practically impossible to obtain free corn or wheat in regular marketing channels. Rye and barley were also critically short. Only oats were in fairly plentiful supply.

SHORT INTEREST BECOMES PREDOMINANTLY SPECULATIVE AND LONG INTEREST PREDOMINANTLY HEDGING

As one after another, the prices of principal grains reached ceilings, the only field for speculation became selling short against possible decrease in price below ceiling. This developed the abnormal condition that speculative interest shifted predominantly to selling short at ceiling prices. Confidence that this could safely be done was engendered among speculators by the fact that defaults were settled at ceilings in 1945, which meant no penalty to shorts who had sold at ceiling. The result was that short speculative interests who gave no thought to whether they could or would attempt to make delivery on futures came to be aligned opposite long interests consisting predominantly of hedgers who had made forward cash commitments. This meant that with grains in short supply longs would stand for delivery, thereby freezing shorts in their short positions and forcing large defaults. The general conditions outlined above constitute the background for the study made of the economic effects of actions taken by the Boards of Trade of Chicago, and Kansas City, and the Chamber of Commerce of Minneapolis during the first six months of 1946.

CHICAGO BOARD OF TRADE ACTIONS

The management of the Chicago Board of Trade followed a vacillating course of action during the difficult period from February to June, 1946. Its first action was to close out prematurely all May 1946 wheat futures outstanding on March 26 at the then prevailing ceiling. Its second action was to follow the request and recommendation of the Office of Economic Stabilization, the Office of Price Administration and the Department of Agriculture in restricting trading in old futures of all grains outstanding on May 11, to trades for liquidation at the ceiling prices prevailing before May 13. It also announced that it would give no consideration to increases in ceiling prices in considering any penalties on defaults arising through refusal of sellers to deliver grain on futures contracts outstanding May 11. This publicly served notice that there would be no penalties for defaults. Naturally, no short would deliver cash grain that was worth from 5 to 25 cents more than the old futures. The result was heavy defaults in all outstanding futures for all grains maturing in May.

This action failed to protect the validity of futures contracts and released short speculators from all financial responsibility under their contracts in excess of the old future price. It was followed almost immediately by the Cargill case charging price fixing in violation of the Sherman Act and suing for triple damages.

Faced with this suit and with 14,639,000 bushels of defaults in May corn, oats and barley contracts on May 31, and having been unable to obtain a Government directive supporting the three agency request and recommendation of May 8, the Board of Directors reversed itself on May 31, by ordering the defaulted contracts settled at the new ceiling prices which became effective on May 13. This action assessed upon defaulting shorts the full increase in ceiling prices of May 13, an action which the management had stated on May 12 it would not take.

The management still further reversed its May 12 action on May 31 by ordering the reopening of trading in all old futures of wheat, corn, oats, rye and barley outstanding on June 1 at prices not in excess of the new (May 13) ceiling prices, such

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reopening of trading to occur on June 3, 1946. Prices, except distant-month oats futures, promptly moved up to the new ceiling with little or no trading and continued to adhere firmly to ceilings for all grains except oats. This had the effect of assessing upon those short of old futures on June 1 for all futures, except certain contracts in oats, the full financial burden of the ceiling price increase of May 13.

On June 13, 1946, the Board of Directors again closed all trading and ordered immediate settlement of all old futures except July, September and December oats and December barley. The Board also closed out all new futures for wheat and rye, trading in which had been authorized on May 13. All these futures (except oats) were forthwith prematurely closed out on June 13, at the new (May 13) ceiling prices.

The effect of this action was to definitely place upon all open short interests the entire financial burden of the May 13 ceiling price increases, but to free them of financial responsibility for any price increases that might occur after June 30, on which date it was anticipated ceiling price controls would terminate.

INCIDENCE OF FINANCIAL LOSSES AND GAINS

The essential feature of futures trading is that what is financial gain to those in open position on one side of the market is loss to those on the other side. It, therefore, is interesting to note where losses and gains resulting from the actions of the Chicago Board of Trade from March 26 through June 13 fell as well as their amounts. Based on windfall profits arising out of the ceiling price increases of March 4 and May 13, the incidence of losses and gains may be summarized in paragraphs numbered 1 to 3 below:

1. The premature closing out of 9,492,000 bushels of May 1946 wheat contracts on March 26 gave longs the benefit of the March 4 increase of 3 cents per bushel, or a total of $246,760. On the other hand, as events transpired, it protected shorts to the extent of 15 cents per bushel on any part of this quantity that might have remained open and in default on May 31. At its maximum, based on the assumption that all remained open, the saving to shorts would have been $1,423,800. On the basis of the rate at which July wheat contracts were liquidated from March 27 through May 31, about 80 percent of this amount or $1,039,000 might be counted as potential saving to shorts.

2. Respecting old contracts open May 11 that were ordered traded out at the old ceiling, the final incidence of profits and losses through the June 13 closeout may be summarized as follows:

Item	Bushels	Amount	Percent
1. Saving to shorts through liquidating trading at the old ceiling May 13-31	15,906,000	$1,490,538	15.6
2. Profit to longs:			
Profit on May futures in default May 31 and settled at the new ceiling prices	14,639,000	1,846,638	19.4
Profit on open positions closed out by open trading at new ceilings June 3-13	1,310,000	221,330	2.3
Profit to longs on open positions closed out on June 13 at new ceilings	28,466,000	4,[illegible],290	50.[illegible]
Potential profit to longs on oats contracts open June 1 but not closed out on June 13	23,907,000	1,196,360	12.6
Total profit to longs	68,504,000	8,010,800	84.5
Total futures affected by restrictive trading and closeout orders May 13-June 13	84,412,000	$9,501,338	100.00

4

Although the regulation of May 13, if carried through to June 13 with respect to all old futures, including oats, would have saved shorts a total of more than $9,500,000, the final outcome, due to the fact that their protection was ultimately limited to saving on liquidating trades between May 13 and May 31 at old ceiling prices was actually limited to $1,490,530, or just under 16 percent of that amount. The balance of 84.3 percent went to longs who stood on their rights under their contracts up to the final closeout on June 13.

Stated in another way, what this means is that the action of May 12, had it not subsequently been reversed on May 31, would have relieved the membership of the Board of Trade, and particularly the members of the Clearing Corporation, of the necessity of finding some $9,500,000, either of their own funds or those of their customers, to maintain the solvency of the Clearing Corporation. To the extent that members put up their own funds to cover undermargined accounts of customers, they would have faced the necessity of collecting from their customers. This situation would have prevailed so long as supplies of grain were unavailable, or were available only at higher prices, for delivery on futures, and also, so long as shorts were frozen in their open positions by refusal of longs to trade. Therefore, whatever protected shorts in general also protected exchange members. As events transpired, however, the May 12 action of the Board of Directors protected shorts to the extent of about one-sixth of the total amount involved in the ceiling price increases while its reversal of that action on May 31 gave longs the benefit of the remaining five-sixths.

3. The closeout on June 13, however, protected shorts against further losses due to price increases after June 30. Since there was no trading after June 13 in the futures closed out, there is no means of knowing what the price history of futures would have been. However, based on the movement of cash prices from July 1 through September 30 it is possible to make a rough estimate based on the average of available spot prices of grains for which July, August and September contracts were closed out on June 13. This estimate would indicate that shorts could count on additional saving on 23,012,000 bushels of July, August and September wheat, corn, rye and barley contracts closed out as of June 13, of the order of $7,569,000.

What this means is that the members of the Clearing Corporation and their short customers were relieved of the necessity of finding this much additional cash to maintain the validity of the contracts maturing in the months of July, August and September, 1946.

Some $6,659,000 of this would have had to be found to maintain the validity of corn and rye futures, both of which were in very short supply. Trading in these futures had been fostered for nearly a year by the precedent set in 1945 of closing out defaults at ceiling prices, thereby giving speculative shorts a feeling of assurance that they could sell futures in grains that, in effect, did not exist without fear of penalty beyond the ceiling price. At the same time short hedgers practically disappeared from the market; first, because with the market definitely pointing upward there was little incentive to hedge, and second, because any short hedge that could not be lifted when grain hedged was sold became a distinct hazard rather than an insurance in case of a price increase.

With long open interests consisting largely of hedgers who would stand for delivery, and with short interests consisting mainly of speculators who sold without concern as to their ability or responsibility to deliver, trading on the exchange floor was reduced practically to trading in puts and calls to be settled by the payment of differences. The theory that every future contract is a contract for grain, or contemplates delivery of grain, was reduced to mere fiction. The effect was to effectively sever the always more or less tenuous connection between the futures

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contract and the physical marketing of grain without which futures trading ceases to be a useful adjunct to the marketing of grain.

KANSAS CITY BOARD OF TRADE ACTIONS

On February 18, 1946, immediately after War Food Order No. 144 was issued, the Board of Directors of the Kansas City Board of Trade prohibited trading in May 1946 wheat except for liquidation, and on March 28, all May wheat contracts still outstanding were prematurely closed out at the then prevailing ceiling of $1.73-5/8 per bushel. A total of 2,850,000 bushels of May 1946 contracts was so closed out, with those in long positions getting the protection of the March 4 ceiling price increase of 3 cents per bushel, This amounted to $85,500.

On May 11 there were 4,199,000 bushels of old wheat futures for July and later months open on the Kansas City Board. On May 13 the management restricted trading in these futures to liquidation at the old ceiling of $1.78-5/8 per bushel. From May 13 to June 5, 930,000 bushels were traded out on this basis. On June 5, the Board of Directors made the new ceiling prices applicable and ordered all trading to be continued for liquidation. There were no trades until the price reached the new ceiling of $1.88-5/8 (effective May 13) and thereafter, from June 7 to 13, a total of 680,000 bushels was traded out, leaving 2,589,000 open on June 13. This last quantity was prematurely closed out by order of the management at $1.88-5/8 per bushel.

The financial gains and losses to shorts and longs covering all closeouts at ceiling prices by regulations of the Kansas City Board of Trade from March 28 to June 13, 1946, may be summarized as follows:

Item	Bushels	Amount	Percent
Protection to shorts at expense of longs through liquidating trades May 13 - June 5 (computed at 3¢ per bu.)	[illegible]	[illegible]	[illegible]
Profit to longs at expense of shorts on liquidating trades and premature close-outs June 5-13 (computed at 15¢ per bu.)	[illegible]	[illegible]	[illegible]
Profit to longs on premature close-out of May wheat on March 28 (computed at 3¢ per bu.)	[illegible]	[illegible]	[illegible]
Total contracts closed out	[illegible]	[illegible]	[illegible]

Shorts were protected to the extent of 19.5 percent of the total of $715,350 and longs were benefitted at the expense of shorts to the extent of 80.5 percent. Most of the profit to longs was realized on closeouts at the new ceiling price after June 5.

In addition, the closing out of all old futures on May 13 in anticipation of the expiration of price controls on June 30 protected shorts against possible further losses in case the price of wheat advanced sharply after July 1. The price of cash wheat did advance after July 1 and averaged for the month of July about 8 cents higher than the May 13 ceiling price. The average of September cash quotations also was higher than the May 13 ceiling by about 6 cents per bushel. It would seem that shorts whose July and September contracts represented the bulk of the Kansas City futures closed out on June 13 might count additional protection of the order of these amounts per bushel.

Since May wheat was closed out on March 28, there were no defaults in Kansas City on May 31. Also, in the closing out of other contracts on June 13, little difficulty

appears to have been experienced in bringing traders together for settlements, either by delivery of grain or by cash settlements through the Clearing Association. No lawsuits resulted in Kansas City from actions taken, whereas in Chicago, lawsuits resulted both from the May 12 and subsequent actions of the Board.

MINNEAPOLIS CHAMBER OF COMMERCE ACTIONS

The Board of Directors of the Chamber of Commerce of Minneapolis took the lead in restricting trading and closing out to contracts by ordering trading for liquidation only in its May and July 1946 wheat contracts beginning on February 18; the date on which War Food Order No. 144 became effective. This was followed on March 12 by a regulation closing out all open contracts in May 1946 wheat as of March 13, 1946. This action respecting May 1946 wheat antedated by about two weeks similar actions by the Chicago and Kansas City Boards closing out May 1946 wheat contracts. It also was the only such action taken by the Minneapolis Chamber of Commerce.

When the May 13 ceiling prices became effective, the Minneapolis Chamber made the new ceilings effective on all futures being traded on its floor. Futures then being traded were July wheat (for liquidation only), September and December wheat, and May, July and September oats. Open trading was continued in all contracts other than July wheat.

One basic reason given by the Minneapolis Chamber for not following the request and recommendation of the Office of Economic Stabilization, the Office of Price Administration and the Department of Agriculture that all old contracts outstanding on May 11 be liquidated at the old ceiling was that the action recommended would have undermined the validity of futures and destroyed their value as hedges. Another basic reason given was desire on the part of the Chamber's Board of Directors to avoid assuming the responsibility of determining the profits and losses of traders before maturity of contracts.

The next significant action of the Minneapolis Chamber was on June 13 when trading in all open wheat contracts was restricted to trading for liquidation only, and at the May 13 ceiling. Open trading on oats was continued as before. Again, the reason ascribed for not closing out wheat contracts altogether, as was done on the other exchanges, was desire to protect the validity of futures to the maximum degree. This was followed on June 30 by rescinding ceiling prices altogether. This action, effective July 1, left all futures prices free to move upward, but continued the restriction of trading in all wheat contracts outstanding to liquidation only. Open trading in July, September and December oats was continued.

EFFECTS OF MINNEAPOLIS CHAMBER ACTIONS

The outstanding effect of Minneapolis actions was maximum preservation of the validity of futures contracts by holding the predominantly short speculative interest in the market financially responsible for working out by negotiation with the long interests in the market (consisting predominantly of long hedgers) the most satisfactory arrangements possible under the circumstances to bring about liquidation of open positions as the various contracts matured. In this it was recognized that the supply situation respecting wheat was such that agreed-upon cash settlements rather than delivery of wheat probably would be necessary. To make this possible, the Chamber's Business Conduct Committee urged longs and shorts to negotiate settlements and Clearing Association rules were relaxed to the extent necessary to accept and clear on the basis of reasonable agreements negotiated between longs and shorts so that there would be no defaults at maturity requiring Chamber action.

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Since wheat could not be controlled for more than one week, the method of liquidating contracts to the satisfaction of longs desiring wheat became as follows: A trader short, say of July wheat, might purchase either cash wheat or a to arrive contract. He would then find some miller or feed manufacturer with a long hedge in July wheat and negotiate an exchange of his cash wheat or to arrive contract for a like quantity of the July future, executing the futures trade on the floor of the exchange. Most open positions are stated to have been liquidated in this manner, mainly before the maturity date of futures contracts and the balance were liquidated by cash settlements between parties involving futures trades finally formally executed on the exchange floor. The greatest difficulty met is stated to have been to get speculators who were long to give up their positions for to arrive contracts.

Success of these efforts was undoubtedly facilitated by a cooperative spirit among traders, by the fact that the total volume was not large, and by the fact that there was little speculative interest either long or short located at such distance from the market as to make negotiation of settlements difficult.

The general effect of the procedure was to protect the interests of longs while placing the burden upon both longs and shorts to work out the best arrangements possible under the circumstances.

EFFECT ON PRESTIGE OF THE MINNEAPOLIS CHAMBER

Officers and directors of the Minneapolis Chamber of Commerce state it to be their belief that actions taken to protect the validity of contracts, preserve the responsibilities of traders, and avoid assumption by the management of responsibility for determining profits and losses of traders were economically and legally sound in principle, and conducive to the welfare and public prestige of their association.

EFFECT ON FARM PRICES

One important effect to be noted, which became very evident in Minneapolis Exchange operations, was the effect of lack of a futures market, especially for wheat, in which new hedges could be placed by merchants and processors when the new crop really began to move. When prices went up sharply after July 1, the entire burden of risk in purchasing and storing wheat fell upon country buyers, terminal grain merchants and processors. The situation was accentuated by the transportation shortage which caused grain to pile up in country elevators even though its owners had orders on which it might have been shipped had cars been available. Country buyers and terminal grain merchants, alike, then protected themselves by bidding less for grain in the country. Country buyers bid low prices to the farmer to cover their risk or took his grain for storage subject to pricing later when sold. The latter course shifted the entire burden of risk to the farmer. The effect was lower prices in the country. It is a notable fact that the price of cash wheat sagged in the latter part of July.

Representations as to the need for a futures market in wheat were received by the Minneapolis Chamber of Commerce. Thereupon, on July 30, as soon as paragraph (m) of War Food Order No. 144 was suspended, the Chamber reopened trading in September and December wheat futures. Speculators, however, were unwilling to buy the shippers' short hedges with the future price trend uncertain. The price of cash wheat continued to be only a few cents above the May 13 ceiling price throughout August and showed little tendency to increase until September.

CONCLUSIONS

WHERE RESPONSIBILITY LIES

Events of the first six months of 1946 demonstrate from a new background of practical experience that failure of exchange managements to protect the validity of future contracts results in severe loss of public confidence. Loss of confidence was due primarily to pursuit by exchange managements of a vacillating policy which failed to insist that traders perform in accordance with the terms of contracts traded. In this, the Chicago Board, having least effectively steered a straight course in accordance with the fundamental principles of validity of contracts and responsibility of traders, bears the heaviest burden of public criticism.

In the regulation adopted May 12, 1946, effective on May 13, 1946, the Board of Directors of the Chicago Board of Trade stated that the Office of Economic Stabilization, the United States Department of Agriculture and the Office of Price Administration had "requested and recommended to governing boards of the Grain Exchanges that all futures contracts open at the close of business May 11, 1946, be settled at the then applicable ceiling prices." This recommended action was taken by the Chicago and Kansas City Boards of Trade but not by the Minneapolis Chamber of Commerce.

Conditions leading up to these actions had been developing for more than a year. In retrospect it may be questioned whether any exchange management took action at the proper time to forestall the difficulties met during the critical period. Exchange managements generally admit that such actions as were taken were tardy. This constitutes an admission either that they failed to recognize or, having recognized, failed to heed warnings of the storm that broke early in 1946. These warnings became very definite in 1945 when, with speculative interests predominantly in short position facing long interests who were predominantly hedgers who would not trade their open positions for anything but grain, the shorts were frozen in their positions and large defaults occurred. Nevertheless, exchanges closed out these defaults at ceilings. This meant little or no penalty to shorts. Continued speculation at ceilings in contracts for later months then open for trading was fostered with disastrous results later.

DUALITY OF INTEREST AND PARTIALITY OF ACTION

In accounting for acts either of omission or commission it is to be recognized that the individual members of exchange managements who govern the market place and determine both the terms of contracts and times when they may be traded are not wholly disinterested agents in the management of the market place.

This question of duality of interest on the part of management personnel is by no means a new one. About it controversies have centered in the Chicago Board of Trade for more than 50 years in which some important group of traders, such as warehousemen, or commission merchants, or one or both acting in cooperation with other membership groups, have been accused of dominating the Board's management and using its powers to their own advantage and to the disadvantage of other members as well as of both producers and consumers of grains and grain products. Latest among these controversies in Chicago is the charge of some members who were in long position as hedgers and were injured by actions taken on May 12 and June 13, 1946, that the very broad powers for emergency action under Rule 251 were consistently used only for the protection of short interests and commission houses. Also in Minneapolis, members of the Chamber's Board of Directors state that preservation of the machinery of trading to provide even a small opportunity

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for commission broker operations was a factor influencing the continuance of open trading even after prices went to ceilings and other factors beyond the control of the Chamber were such as to make pertinent the question as to whether futures trading might better have been discontinued altogether.

Both State and Federal laws have been enacted to provide regulation in the public interest found to be necessary because boards of directors occupying positions of dual interest in the management of exchanges do not always act impartially in the management of exchanges. Yet the experiences of the first six months of 1946 would seem to indicate that present regulation might be materially strengthened and made more effective if it included power not now provided to advise respecting and regulate exchange policies and acts at the management level if and when exchange managements deviate from economically sound and equitable policies and practices. Such exercise of regulatory power would be preventive rather than punitive.

THE COMMODITY EXCHANGE ACT

The Commodity Exchange Act, in effect, sets up two administrative authorities and procedures to deal respectively with exchanges and traders thereon. Authority to designate "contract" markets rests with the Secretary of Agriculture. If the Secretary refuses to so designate any exchange applying for designation, the exchange may appeal to a commission consisting of the Secretary of Agriculture, the Secretary of Commerce and the Attorney General for review. In addition, this Commission also has sole power to suspend or revoke any contract market designation. All decisions of the commission are subject to court review on appeal to United States circuit courts of appeal by exchanges or boards of trade affected.

The administrative power in proceedings against traders, however, rests with the Secretary of Agriculture who may initiate a complaint against any person (other than a contract market) for violation of the Act, and, after hearing, and upon evidence taken, may require all contract markets to deny trading privileges to such person for such period as may be specified in the Secretary's order. If the person is a registered commission merchant or floor broker, the Secretary of Agriculture may suspend, for a period not exceeding 6 months, or may revoke altogether, the person's registration. Orders of the Secretary, likewise, are subject to review by United States circuit courts of appeal on motion of persons affected.

Also the Commodity Exchange Act provides that each contract market shall "promptly furnish the Secretary of Agriculture copies of all by-laws, rules, regulations and resolutions made or issued by it or by the governing board thereof or any committee, and of all changes and proposed changes therein": The Act, however, does not in terms define any powers or duties the Secretary of Agriculture may have to advise respecting, approve, disapprove, or order change in policies involved or acts authorized or directed by the documents filed.

The intent of the law obviously is to hold both exchange managements and traders responsible for violations of its provisions. It, however, can hardly be maintained that the law has provided a basis for attaining its obvious purpose.

One of the criticisms aimed at Commodity Exchange regulation has been that regulatory proceedings have been directed at acts done by particular traders or groups of traders rather than at holding commodity exchange managements responsible for policies and acts either of omission or commission respecting the conduct of trading on their floors. Apparently this tendency is inherent in the situation. With outside regulatory authority set up by law, exchange managements seem prone to leave the responsibility for regulatory action to that authority. On the other

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hand, the Commission set up to regulate exchange actions (as distinguished from trader actions) consists of three heads of administrative departments, all of whom have many other administrative duties, and two of whom have little, if any, direct continuing interest in what is happening currently on commodity exchanges except as they are called upon to sit as members of the commission acting in particular proceedings.

It is suggested that, inasmuch as experience has indicated that the terms of the law provide not only an insufficient basis, but also somewhat inefficient administrative machinery, for accomplishing the law's intent, it would seem that the Congress may wish to give consideration to possible amendment to provide more effective functioning of regulation and larger exercise by public authority of preventive rather than punitive nature respecting the policies and actions of exchange managements if and when they deviate from sound and equitable practices.

THE UNITED STATES WAREHOUSE ACT

"The Secretary of Agriculture or his designated representative" administers the United States Warehouse Act. The Act deals mainly with two of several aspects of warehousing of interest in futures trading, namely, with the validity of warehouse receipts and preventing discriminations by warehousemen against persons using warehouse services. The basis for control is licensing, but only upon application of the warehouseman. Charging "unreasonable or exorbitant" rates for services may cause suspension or revocation of licenses.

The Warehouse Act does not touch at all upon numerous aspects of warehousing important in futures trading, and since licensing is voluntary on the part of warehousemen, its regulation in respect to those upon which it does touch is incomplete. In Minneapolis, for instance, no elevator regular for futures delivery is federally licensed, while in Chicago the proportion of regular houses federally licensed was about 86.8 percent in 1945. Neither does the Commodity Exchange Act relate the administration of the Warehouse Act to exchange operations except to make receipts of federally licensed warehouses tenderable on futures contracts provided such receipts are for the kind, quality and quantity specified in futures contracts, and the warehouse itself meets the physical requirements as to location, accessibility, and suitability for warehousing and delivery set up by the exchange for regular warehouses.

It would seem that the nature and scope of both the United States Warehouse Act and the Commodity Exchange Act should be so amplified and coordinated, or even combined, as to make effective the type and scope of regulation over futures trading contemplated by the Congress in enacting the Commodity Exchange Act. This suggestion applies particularly with respect to warehouses regular for delivery of commodities on futures contracts covered by the Commodities Exchange Act.

OTHER MEASURES

Today, after many years of legislative and regulative effort directed along lines of punitive action against traders rather than constructive policy and practice regulation at the exchange management level, some progress has been made, but there appears to be much yet to be accomplished. In Chicago, great speculative corners have become rare, but there has been little change in concentrated control of warehousing facilities or in the use of such facilities by merchandiser-operators to further their own purposes in both grain merchandising and futures trading. Contrary to a statement, based on misinformation, made in an earlier memorandum for the Committee, the principal elevators regular for delivery in Chicago still are

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owned by railroads and leased to private grain-merchant operators. In futures trading, merchandising interests, speculative interests, commission house interests, hedgers, and small floor traders sometimes oppose, and sometimes cooperate, as their business interests dictate. In Chicago, with the exception of three "nonmember" directors, the policy forming and policy directing board of 21 officers and directors are drawn from among these various interests. Realistic approach requires recognition that they would have to be something more than human if they left all considerations of personal or company interests outside the boardroom door when they meet to formulate policies and adopt rules and regulations for the operation of the exchange. Much the same situation exists in other exchanges.

At the same time partial regulation has not reached the heart of the problem which, after all, is the spirit of policy formation and application in exchange management. For instance, something more than lip service to the principles of validity of futures contracts and responsibility of traders is needed to ensure equitable management of exchange operations. Experience continues to point to the conclusion that the correction of conditions that periodically become explosive cannot be left altogether to an exchange membership and management individually and collectively bound by written agreement to observe and act in accordance with the charter, rules, and regulations of the association as provided by the Chicago Board's Rule 107, the Minneapolis Chamber's Rule 702 and the Kansas City Board's Preamble Agreement of Members.

Viewed in its entirety, therefore, it would appear that, in addition to strengthening and coordinating the Commodity Exchange Act and the United States Warehouse Act in ways suggested above, the Congress may wish to give consideration to embodying in Federal Law each of the following recommendations previously made by the Federal Trade Commission in 1937:

1. That all deliveries of grain on futures contracts shall be made from public warehouses:

(a) Licensed by Federal authority
(b) Subject to Federal regulation.
(c) Not owned, operated, or controlled, directly or indirectly, by any person, firm, or any other organization directly or indirectly dealing in grain.

2. That all deliveries of grain on any futures contracts shall be subject to:

(a) Federal grading and inspection.
(b) Federal regulation of the delivery of grain on such contracts.

3. That the storage charges for grain in public warehouses from which grain is deliverable on futures contracts as aforesaid shall be regulated by the Federal authority.

4. That every futures contract for grain on any futures market may be satisfied by the delivery of grain from any public warehouse operating in accordance with the provisions of paragraphs 1, 2 and 3 of these recommendations in not less than one market in addition to the market on which such contract is made, such outside market or markets to be determined in the discretion of the Federal authority.

5. That it shall be unlawful for brokers, commission men, officers, and large stockholders of companies doing a brokerage or commission business in futures for customers to speculate in grain futures for their own account.

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6. That exchange rules for delivery in cars and for settlement of defaulted futures contracts shall be interpreted and applied under Federal supervision.

The Commission's 1937 recommendations suggested strengthening commodity exchange regulation along lines similar to those provided in the Securities Exchange Act. Today, conditions in commodity exchange operation continue practically unchanged from what they were in 1937. Therefore, it would seem that the Congress may wish to give consideration to setting up regulatory organization and procedure for commodity exchanges similar to that now provided for securities exchanges insofar as measures now provided for the latter are applicable.

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Report of the

FEDERAL TRADE COMMISSION

on

ECONOMIC EFFECTS OF GRAIN EXCHANGE ACTIONS AFFECTING FUTURES TRADING DURING THE FIRST SIX MONTHS OF 1946

CHAPTER I

CHICAGO BOARD OF TRADE ACTIONS

SECTION 1. CHRONOLOGY AND SUBJECT MATTER OF ACTIONS

Principal actions taken by the Chicago Board of Trade which affected contracts and trading in futures in wheat, corn, oats, barley and rye during the first 6 months of 1946, was as follows:

1. Regulation 1889. - adopted March 4, 1946, fixed the following maximum prices for trading in futures, which maximums were in accord with increases announced by the Secretary of Agriculture and the Office of Price Administration:

Grain	New Ceiling			Previous Ceiling	
	Effective Date	Price	Increase	Price	Effective Date
Wheat	3/4/46 1/	$1.54¢	.03	$1.50¢	6/2/45 3/
Corn	3/4/46 1/	1.21¢	.03	1.18¢	2/26/45 4/
Oats	3/4/46 1/	.83	.02	.81	2/26/45 5/
Barley	2/4/46 1/	1.26¢	.03	1.23¢	2/26/45 6/
Rye	6/1/46 2/	$1.44¢	.04	$1.44¢ 2/	7/26/45 7/

1/Regulation 1889, Adopted Mar. 4, 1946.
2/Applied only to July, 1946 - and later rye futures.
3/Regulation 1864-D, Adopted June 1, 1945.
4/Regulation 1877-A, Adopted Feb. 20, 1945.
5/Regulation 1875-A, Adopted Feb. 20, 1945.
6/Regulation 1876-A, Adopted Feb. 20, 1945.
7/Regulation 1882, Adopted July 26, 1945, applied only to July 1946, and later rye futures

2. Regulation 1893. - adopted March 26, 1946, declared an emergency to exist because of interference by War Food Order 144 1/ with normal procedure in the marketing of wheat and, therefore, stopped all further trading in futures contracts for delivery of wheat in May, 1946, and, ordered all May, 1946, wheat futures settled as of March 26, -at the ceiling price then prevailing, namely; $1.83 1/2 per bushel.

3. Regulation 1894. - On May 12, 1946, following announcement on May 8, by the Office of Economic Stabilization, the U. S. Department of Agriculture, and the Office of Price Administration that, effective May 13, 1946, grain price ceilings would be increased by specified amounts, and on recommendation of the three Government

1/War Food Order No. 144, issued Feb. 15, 1946, and effective Feb. 18, 1946, required, among other things, that all merchandisers and country shippers offer to the Commodity Credit Corp. at the end of each week any wheat in excess of the quantity needed to make deliveries (1) on export licenses Approved by the Office of International Trade, U. S. Department of Commerce, and (2) on orders from millers or feed manufacturers who furnished certificates indicating that the purchases would not increase the respective processors' inventories of wheat on hand to more than 45 days supply, as permitted under War Food Order No. 144. Any wheat so offered by a merchandiser, if not accepted by the Commodity Credit Corp. within two days, was to be held as excess wheat applicable on preferred orders, and could not be applied on any other order or contract.

agencies named above that all futures contracts open at the close of business on May 11 be settled at the then applicable ceiling prices, and that all cash contracts be handled in a similar manner, the Chicago Board of Trade adopted Regulation 1894. This regulation, after stating that the Board of Trade found itself without authority to make any adjustments respecting cash contracts, declared an emergency to exist respecting futures trading and stopped all trading except for liquidation in all "old" futures outstanding (except rye for delivery in May 1946) as of May 11, 1946, such trading for liquidation to be at or below the old ceiling prices prevailing on Saturday, May 11, 1946. In addition, the Board authorized trading on "new" futures contracts beginning on May 13, 1946, for months and at prices indicated below. The old ceiling prices at which old futures were ordered closed out, and the new ceiling prices at which trading in new contracts was established were as follows:

Grain	Old Ceiling	New Ceiling	New Contract Months Authorized For Trading
Wheat	$1.83¼	$1.99¼	Aug. and Nov. 1946, and March 1947
Corn	1.21¼	1.46¼	Jan. 1947, and March 1947
Oats	.83	.88	Aug. and Nov. 1946, and March 1947
Barley	1.26¼	1.35¼	Nov. 1946, and March 1947
Rye	$1.44¼	$1.58¼	Nov. 1946, and March 1947

This action protected short interests against the increases in ceilings effective May 13, and correspondingly injured the interests of longs. Cargill, Inc., immediately filed suit against the Board of Trade and its officers and directors alleging that the regulation requiring trading and final settlement of old contracts at the old ceilings constituted a violation of the Sherman Antitrust Act, and suing for triple damages on its long position which the complaint stated represented hedges against forward sales of grain which Cargill was obligated to buy at the new ceiling prices without the price protection its hedges otherwise would have afforded.

Trading in the old futures for liquidation only continued in a desultory way to the end of May. There was some reduction of open trades, but shorts, and especially short speculators, were largely frozen in their open positions. On May 29, contracts representing substantial quantities of corn, oats, and barley deliverable in May were in default because of refusal, on the one hand, of longs to sell, and, on the other, of shorts to deliver corn, oats and barley then having higher cash values than the old ceiling settlement prices fixed by Regulation 1894. Also, a considerable quantity of May rye contracts, on which there was no ceiling price, remained unsettled. This situation was met by significant actions of the Board of Trade numbered 4, 5 and 6 below.

4. Regulation 1895, - adopted May 31, 1946, fixed the price for settlement of defaulted May rye futures contracts at $2.70 per bushel. This was the settlement price for defaults on the last rye contract traded in before the ceiling price of $1.58 1/2 became effective for all other rye contracts dealt in after June 1, 1946. It represents the level to which unrestrained speculation had forced the price of rye which, like wheat, was in short supply.

5. Regulation 1897, - adopted May 31, 1946, reversed the Board's action requiring trading in and settlement of May contracts for corn, oats and barley at the old ceilings and provided for the settlement of defaulted May contracts in these grains at the new ceiling prices effective on and after May 13, 1946, of $1.46 1/2 per bushel for corn; 88 cents for oats, and $1.35 1/2 for barley. This reversal of Regulation 1894 was equivalent to assessing a penalty on defaulting shorts amounting to 25 cents per bushel for corn, 5 cents per bushel for oats and 9 cents per bushel on barley. It merely disposed of the defaulted May, 1946, futures in these grains by shifting the loss on defaults from the longs to the shorts.

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8. Regulation 1898, - also adopted May 31, 1946, stated that, whereas the three Government agencies that had issued the recommendation of May 8, in accordance with which Regulation 1894 had been adopted, and that whereas these agencies subsequently had found that they could not issue a positive directive backing up that recommendation, the Board of Directors, deemed itself justified in reconsidering its action embodied in Regulation 1894. Accordingly, that part of Regulation 1894 which restricted trading in old futures contracts to trading for liquidation at prices no higher than ceilings prevailing prior to May 13, was rescinded. Regulation 1898 provided further that trading in all old futures outstanding as of June 1, 1946, might be continued on and after June 3, 1946, at prices no higher than the ceilings which became effective May 13, 1946. The effect of Regulation 1898 was to continue trading in the so-called "new" futures, and to reopen trading in the "old" futures for purposes other than liquidation, all futures to be traded under the new ceilings effective May 13, 1946. The list of futures open for trading on and after June 3, 1946, was as follows:

Grain	May 13 Ceiling	Futures Contracts Open For Trading June 3, 1946
Wheat	$1.90¾	Old: July, Sept. and Dec. 1946, and May 1947 New: Aug. and Nov. 1946, and March 1947
Corn	1.48¾	Old: July and Sept. 1946 New: Jan. and March 1947
Oats	.88	Old: July, Sept., and Dec. 1946 New: Aug. and Nov. 1946, and March 1947
Barley	1.38¾	Old: July, Sept. and Dec. 1946 New: Nov. 1946, and March 1947
Rye	$1.50¾	Old: July, Sept. and Dec. 1946 New: Nov. 1946, and March 1947

Following this action, trading was resumed and the prices of all old futures promptly moved upward by the daily price limits of 5 cents per day until all futures except oats were firmly established at the new ceilings. There actually were very few trades, in any of the futures, either old or new, except oats, which was the only grain in plentiful supply. Practically all of the small volume of trading was for liquidation. The result was that as of June 12, there was little change in open interests outstanding as compared with June 3, and open positions were frozen with little possibility up to June 12 for anyone to adjust his position.

7. Regulation 1899, - adopted June 13, 1946, declared that an emergency existed for reasons stated in the regulation sufficient to "render impossible the continuance on this Exchange of a free, open and orderly market where normal competitive elements may and can operate * * * *," stopped all trading, and ordered liquidation at the closing prices prevailing on the Exchange on June 13, for the following futures:

Wheat in July, August, September, November and December 1946, and in March and May, 1947 (Representing all outstanding wheat futures).

Corn in July, September and December 1946 (Representing all old corn futures).

Barley in July and September, 1946 (Representing all old barley futures except December, 1946),

Rye in July, September, November and December, 1946 and in March 1947 (Representing all outstanding rye futures).

This action left as the only futures to be traded on the Chicago Board of Trade the following as of June 14, 1946:

Corn in January and March, 1947 (1946 crop futures).

Oats in July, August, September, November and December, 1946 and March, 1947.

Barley in November and December, 1946 and March, 1947.

8. Regulation 1901. - The final action affecting trading in grain futures adopted by the Chicago Board of Trade during the first six months of 1946, was taken on June 30. This action, in the form of Regulation 1901, merely removed all price ceiling restrictions in view of the expiration of the Emergency Price Control Act (Congress not yet having acted) at midnight June 30 and continued the 5-cent daily price variation limit, and price differentials for grades and types of grain in effect on June 29, 1946.

SECTION 2. FACTORS UNDERLYING ACTIONS TAKEN

Chicago Board of Trade Organization

The Board of Trade of the city of Chicago is a commodity exchange set up as a corporation by special legislative acts of the State of Illinois in 1859. This act, as amended December 26, 1945, declares:

"Section 1. That the persons now composing the Board of Trade of the city of Chicago are hereby created a body politic and corporate, under the name and style of 'The Board of Trade of the city of Chicago,' and by that name may sue and be sued, implead and be impleaded, purchase, take, receive, acquire, own, hold, use, lease, sell, mortgage, pledge and otherwise deal in and with such real or personal property, including shares or other interests in or obligations of domestic or foreign corporations, associations, partnerships or individuals, of whatever nature or kind, and of whatever amount or value may be necessary or suitable or proper to serve and accomplish the purposes of its organization; have a common seal, and alter the same from time to time; and make such Rules, Regulations and By-Laws from time to time as they may think proper or necessary for the government of the corporation hereby created, not contrary to the laws of the land."

* * * * *

"Section 13. Said corporation shall have no power or authority to do or carry on any business excepting such as is usual in the management of boards of trade or chambers of commerce, or as provided in foregoing sections of this bill." 2/

The Board's charter powers, within the general restriction of section 13, are broad. It may make such rules, regulations and by-laws, not contrary to the laws of the land, as it may deem necessary for its conduct as a board of trade; it has the sole right to determine the qualifications of and to admit and expel members; 2/ it may create boards of arbitration and appeals for the settlement of disputes among members, again in accordance with rules, regulations and by-laws adopted by the Board.3/ Also, upon written submission for arbitration, its arbitration committee awards, if not appealed within a time fixed by the Board's rules, regulations and by-laws, may be filed with the Clerk of the Circuit Court, whereupon, by law as set out in the special legislative act incorporating the board of trade, the award may serve as the basis for issuance of an execution as if it were a judgment rendered in the Circuit Court.4/ The Board also has power to appoint persons to examine, weigh, gauge and grade commodities and to issue certificates which shall be

1/Act to Incorporate, Section 6.
2/Ibid., Sec. 6.
3/Ibid., Sec. 8.

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evidence between, and shall be binding upon, buyers and sellers dealing on the Exchange as to the quality, grade, and quantity of commodities dealt in on the exchange.5/ This last function, once exclusive to the Board, is now shared with and supplemented by both State and Federal inspection and grading.

Declared Objects of the Board

The declared objects of the Chicago Board of Trade as set out in the preamble to its rules and regulations in effect June 13, 1946, are:

> "To maintain a Commercial Exchange; to promote uniformity in the customs and usages of merchants; to inculcate principles of justice and equity in trade; to facilitate the speedy adjustment of business disputes; to acquire and disseminate valuable commercial economic information; and, generally, to secure to its members the benefits of cooperation in the furtherance of their legitimate pursuits."6/

The rules and regulations adopted to attain these objects cover some 255 printed pages. Board of Trade actions designated as rules comprise what might be called a permanent constitution which can be added to or amended only by vote of the full membership of the Chicago Board of Trade.7/ Chapters of the rules cover: Government of the Exchange; Membership; Offenses and Punishment; Arbitration and Appeal; Agency and Margin Accounts; Brokerage and Commissions, Emergencies, Hours of Trading and Contracts; Deposits for Security; Deliveries of Commodities; Clearing House; Cash Grain, Provisions; Cotton, and other miscellaneous subjects. These rules constitute about 90 printed pages. They can be changed only by vote of the full membership. The regulations, corresponding to legislative acts adopted in accordance with and in interpretation of the basic rules, may be adopted by the Board of Directors of the Exchange and do not require submission to vote of the full membership. They, however, have the binding effect of rules provided they are not in conflict with existing rules adopted by vote of the full membership.8/ Such regulations of the Board of Trade of Chicago in effect June 13, 1946, constitute approximately 165 printed pages.

Emergency Rule and Regulations

The maintenance of a commercial exchange in which the inculcation and maintenance of principles of justice and equity are maintained as a declared objective requires the continued exercise of broad authority over trading. Emergency conditions beyond the control of the Board of Trade management may impose conditions under which rules for normal trading may not be adequate to maintain, to use the exact words of the Board of Trade's management, "a free, open and orderly market where normal competitive elements can and may operate."9/ To enable the management promptly to meet such situations, the Chicago Board of Trade has a rule under the title "Emergencies," reading as follows:

> "The Board /of Directors/ shall have power to declare any day to be a holiday, or to close the Exchange or to stop trading in any security, or in any of the future contracts of any commodity by reason of any emergency or otherwise, and to make such regulations in regard to deliveries and settlement prices as it may deem proper because thereof. All Exchange contracts shall be subject to the exercise of such power. Such contracts shall also be subject

5/Ibid., Sec. 10.
6/Rules 57 and 58.
7/Rules 57 and 58.
8/Rules 72 and 337.
9/See Regulation 1000

to the exercise by the Clearing House of the powers reserved to the Clearing House by its charter, By-Laws and Resolutions."10/

Justification for the delegation to its management of power to stop trading and order settlements "by reason of any emergency or otherwise" as a means of accomplishing the declared objects of the Chicago Board of Trade, would seem to be the necessity for speedier emergency action than otherwise would be possible to prevent demoralization of the market or irreparable damage to the welfare of the Board of Trade or to some of its members, or to the public. On the other hand, the possibility of its misuse in favor of some, or to the injury of other, trading interests, or of its ill-considered use, even with the best of intentions, similarly resulting in damage to the goodwill and welfare of the Board, also exists. Exercise of its emergency power, therefore, is something to be undertaken by the Exchange's Board of Directors only with extreme care, and with the single purpose of attaining the Board's declared objects of maintaining a commercial exchange in which principles of justice and equity in trade are consistently applied to the end of securing to all of its members, (and, it might well be added, producers and consumers of products traded) the long-run benefits of cooperation in the furtherance of their legitimate pursuits. Deviation from such well-considered use of its great discretionary power, in the long pull, only injures the public support and welfare of the exchange.

Wartime conditions and Government restrictions imposed numerous abnormal operating conditions which were made the basis for the adoption of regulations from the year 1942, onward in which Rule 251 was specifically cited as the basis for action taken stopping trading and ordering settlements of future contracts for commodities traded on the Chicago Exchange.11/ This rule was cited as the authority for each of the significant actions taken during the first 6 months of 1946 respecting futures in grains that have been reviewed in Section 1 above except Regulation 1901 which merely removed ceiling price restrictions from trading in specified future contracts for corn and oats in which trading was permitted on and after July 1, 1946.

Precedents for Fixing Prices on Defaults

Under the theory that every future contract is in fact a contract requiring the delivery of grain if it remains open at the end of the delivery month, the rules regarding fulfillment of contracts are strict. Failure of either the seller to make, or the buyer to take, delivery constitutes default.12/ Defaults are subject to arbitration, and if the claim is admitted or established by an arbitration award, the rules require that the defaulting member shall be suspended until he has satisfied all debts owing under contracts to members of the exchange as established by the arbitration.13/ Another rule classes the making of default an "inequitable proceeding" for which the member may be suspended or expelled unless the Board determines that the default was unintentional.14/ In cases of failure of members to give notice of intention to deliver grain at the termination of particular contracts, it is customary for the Board of Directors, acting under Rule 251, to declare such failure to constitute default and to fix the price at which defaulted contracts will be settled. If the Board of Directors so determines, the settlement price may include a cash penalty against defaulters. Also, if in the opinion of the Board of Directors the

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10/Rule 251. This rule first appears in the Board's Annual Report for 1930.

11/For instance, Regulation 1868, adopted Nov. 24, 1945, cited Rule 251, and suspended trading in cottonseed oil for the reason that the Office of Price Administration placed two maximum prices on contract grade oil depending on its use, Regulation 1847, adopted Dec. 6, 1945, citing Rule 251, ordered settlement of open December lard contracts not fulfilled by delivery of lard on or before Dec. 30, 1945, to be settled at the O. P. A. ceiling price of 13.5 cents per pound, and Regulation 1882, adopted Feb. 26, 1946, stopped all new trading in soy bean contracts and ordered liquidation of all May, July and Oct., 1945, contracts outstanding on Feb. 19, 1946, at specified prices.

12/Rules 138 and 141.

13/Rule 139.

14/Rule 141.

[fol. 593]

default is involuntary, or due to conditions beyond the control of the defaulter, the penalties of suspension or expulsion provided by Rule 141 may be suspended.

Wartime actions prior to 1946, in which the Board fixed ceiling prices as the settlement prices for defaulted futures at the termination of contracts, and suspended the penalties of Rule 141, are to be noted in the settlement of defaulted May and July 1945, corn,15/ and December 1945, wheat, corn and barley contracts.16/

In addition, when supply conditions became tight in the middle of 1945, the Board resorted to the emergency rule on July 31, 1945, when it declared that an emergency existed because it appeared that a sufficient supply of corn could not be accumulated in Chicago to enable settlement of outstanding September 1945, futures, closed trading on September corn altogether, and ordered that all September corn futures outstanding on August 1, 1945, be settled forthwith at the prevailing ceiling price of 1.18 1/2 cents per bushel.17/

Somewhat less drastic action had previously been taken respecting the July corn contract when, for similar reasons, the Board, on July 17, 1945, limited new commitments in the maturing July 1945, corn future to short sales for delivery purposes only by those having contract grades in deliverable position, and limited all other trading in July corn to trades for liquidation purposes only.18/ Similar action was taken on December 8, 1945, with respect to trading in December 1945, contracts for wheat, corn and barley.19/ Each of these last two actions preceded actual defaults which were the occasions for the Board ordering settlements at prevailing ceiling prices.

Further Tightening of Conditions Early in 1946

These various instances in 1945, constitute precedents for actions taken during the first half of 1946, when shortages of supply of all principal grains except oats became more severe than in 1945. In 1946, however, not only were supplies short, but other important factors accentuated the difficulty of maintaining the integrity especially of wheat and corn futures.

Wheat

There was a bumper crop of 1,123,143,000 bushels in 1945. Heavy industrial and feed use of wheat, however, had cut carry-overs from 632,000,000 bushels in 1942 to 281,790,000 bushels as of July 1, 1945. Use for feed, including both use on farms and by commercial feed manufacturers, and domestic demand for human food processing continued to be large and demand for export increased. Primary receipts, while larger during the latter part of 1945, than in 1944, were insufficient to prevent inroads on stocks in terminal elevators with the result that the visible supply in terminal elevators at the beginning of January, 1946 was 87,435,000 bushels as compared with 128,917,000 bushels a year before. Government requirements for relief caused shipments to increase while farmers, not pressed for cash, were inclined to hold wheat off the market for possible increase in price.

With the situation growing steadily tighter, War Food Order No. 144, effective February 18, 1946, required among other things that grain merchandisers and country shippers offer to the Commodity Credit Corp. each week any stock of wheat on hand in excess of the quantity necessary to make deliveries on approved sales

15 Regulation 1879 (May corn) and 1884 (September corn)
16 Regulation 1887
17 Regulation 1884
18 Regulation 1881
19 Regulation 1899

for export and orders from millers and feed manufacturers accompanied by certificates showing that the purchase would not increase the latters' inventory beyond a 45-day inventory of wheat. This made it impossible for merchandisers to accumulate stores of wheat in position for delivery on futures. By the first of May the visible supply in store in warehouses at prominent grain centers east of the Rocky Mountains and afloat on the Great Lakes had fallen to 15,239,000 bushels, representing less than 25 percent of the visible supply at that date of 1945, and less than 15 percent of that in sight at the corresponding time in 1944.

The total stocks of wheat in Chicago, including wheat of all grades, in all elevators both public and private, became very tight as shown below.

TABLE 1. TOTAL STOCKS OF WHEAT IN CHICAGO AT THE BEGINNING OF EACH MONTH FOR THE FIRST 6 MONTHS OF 1946, 1945 AND 1944
(Source Chicago Board of Trade Statistics)

Month	(In Thousands of Bushels)			Percentages 1946 to	
	1946	1945	1944	1945	1944
January	1,423	6,607	9,186	20.9	15.5
February	972	5,656	9,152	17.1	11.9
March	568	4,396	7,695	13.4	7.6
April	636	2,682	8,877	23.8	7.2
May	281	1,122	10,109	25.0	2.8
June	176	1,574	10,319	11.2	1.7
July	433	1,704	9,525	25.4	4.5

Thus the showing for the overall storage supply in Chicago became progressively worse from January to June 1946, and was only slightly eased before the beginning of July.

But this showing does not fully measure the shortage of supply in deliverable position or capable of being placed in deliverable position, in Chicago. This is more correctly reflected by Table 2 which shows the quantities of wheat of deliverable grades in Federal licensed warehouses in Chicago, which constitute the bulk of regular storage from which deliveries on futures can be made in Chicago. The total quantity in such warehouse space is subdivided as between deliverable grades, nondeliverable grades, and ungraded, and comparison is made for each subdivision between the quantity in store near the beginning of each month from January to June 1946, and the corresponding dates of 1945.

TABLE 2. TOTAL QUANTITY OF WHEAT IN STORE IN FEDERAL LICENSED WAREHOUSES IN CHICAGO SUBDIVIDED AS TO DELIVERABLE GRADES, NONDELIVERABLE GRADES, AND UNGRADED, ON SPECIFIED DATES OF FIRST 6 MONTHS 1946 AND 1945

Date	Deliverable Grades			Nondeliverable Grades		
	1946 (Bushels)	1945 (Bushels)	Percent 1946 to 1945	1946 (Bushels)	1945 (Bushels)	Percent 1946 to 1945
January 5	88,525	429,339	20.6	344,289	1,790,644	20.2
February 2	106,289	347,867	30.3	227,194	1,309,134	17.4
March 2	69,717	259,356	26.3	190,998	1,084,429	18.6
March 30	140,841	110,663	127.0	758,823	996,996	28.7
April 27	30,290	64,653	47.0	184,258	414,872	44.4
June 1	12,963	448,056	2.9	19,790	347,847	5.6
June 11	14,987	741,954	2.0	22,636	338,109	6.7
June 29	5,788	836,534	0.7	283,630	376,186	70.1
	Ungraded			Total in Federal Warehouses		
January 5	500,789	388,383	129.6	933,383	2,619,366	37.0
February 2	400,389	419,376	95.5	736,478	2,076,397	35.3
March 2	236,798	370,727	63.9	496,501	1,684,512	29.9
March 30	208,519	218,421	94.6	613,363	1,325,980	46.8
April 27	108,478	372,449	28.3	319,999	851,784	37.6
June 1	137,867	232,184	59.1	169,000	1,028,088	16.4
June 15	141,081	146,312	96.4	178,674	1,221,379	14.6
June 29	143,288	99,056	160.9	412,708	1,309,041	31.7

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Here again, the showing is that, for all dates used, the total quantity of all grades in store in Federally licensed warehouses in Chicago during the first 6 months of 1946, was continuously less than half that in store on corresponding dates one year before; and also that the quantities of deliverable grades in 1946, represented even smaller fractions of the quantities in such position one year before except near the end of March and May. But even this showing does not fully reflect the difficulty of accumulating wheat in deliverable position to make good on futures for the reason that much of the wheat of all grades in store, in effect, belonged to Commodity Credit Corporation or others who were in preferred position as to ownership of grain. Thus the combination of circumstances set up by War Food Order No. 144 and the payment by the Government of a premium appears to have made it practically impossible to accumulate and control wheat of deliverable grades necessary to maintain the validity of 1946 futures contracts prior to the advance in ceiling price effective May 13, 1946.

Even after that date, and up to July 1, 1946, much the same situation prevailed due to the fact that farmers, being generally prosperous and anticipating higher wheat prices if O.P.A. controls were removed on July 1, held what wheat they had. The result was that, as of June 15, at approximately the date on which all outstanding wheat futures traded on the Chicago Board of Trade were closed out at the then prevailing ceiling price (likewise in anticipation of the lapsing of O.P.A. controls on July 1), the total quantity of wheat in Federally licensed warehouses in Chicago (178,624 bu.) was less than 15 percent of the quantity (1,226,376 bu.) in store on the corresponding date of 1945. It appears that at this time the bulk of all wheat in Chicago was in Federally licensed warehouses. Under these circumstances, it is even more significant to note that, as of June 15, 1946, the total quantity of wheat of deliverable grades in Chicago's Federally licensed warehouses (14,957 bu.) was only 2 percent of the total in such position one year before. Two weeks later, on June 29, the total in store in Chicago warehouses had improved somewhat, but with no wheat futures outstanding and, therefore, no reason to attempt to maintain stocks of deliverable grades in deliverable position, the total of such grades in Chicago had shrunk to less than 6,000 bushels.

Corn

The broad supply situation respecting corn in 1946, as compared with 1945, was that during the tight situation from February to the end of June, the total visible supply exceeded the quantity in sight one year before. The quality, however was poor, due to early frosts over much of the corn belt resulting in large quantities of "soft" corn of high moisture content that required drying (to make it storable) and mixing to produce the maximum quantity of other than sample grade. The result was that in Chicago, while the total quantity in store in Federally licensed warehouses greatly exceeded that of one year before, the bulk of that quantity was of nondeliverable grades up to May 1. The Chicago situation, as of specified dates, is summarized in the following table.

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TABLE 3. TOTAL QUANTITY OF CORN IN STORE IN FEDERAL LICENSED WAREHOUSES IN CHICAGO SUBDIVIDED AS TO DELIVERABLE AND NONDELIVERABLE GRADES, ON SPECIFIED DATES DURING THE FIRST 6 MONTHS, 1946 AND 1945

Date	Deliverable Grades			Nondeliverable Grades			Total in Federal Warehouses		
	1946	1945	Percent 1946 to 1945	1946	1945	Percent 1946 to 1945	1946	1945	Percent 1946 to 1945
January 5	109,089	367,633	30.5	1,222,557	1,170,586	104.4	1,331,626	1,538,219	87.1
February 2	78,234	1,104,953	7.1	2,783,765	2,028,423	137.2	2,861,999	3,133,376	91.3
March 2	295,769	1,569,083	18.9	5,577,314	2,657,198	209.9	5,873,083	4,226,231	139.0
March 30	757,011	1,904,490	39.7	5 334,581	1,527,399	349.3	6,091,592	3,431,889	177.5
April 27	1,383,244	685,301	201.8	4,070,112	990,544	410.9	5,453,356	1,675,845	325.4
May 4	2,028,642	577,143	351.5	3,568,437	995,018	358.4	5,595,079	1,572,161	355.9
May 11	3,392,003	670,227	506.1	3,391,495	1,162,368	291.8	6,783,498	1,832,595	370.2
June 1	5,176,498	262,212	1974.2	1,740,344	898,019	193.8	6,916,839	1,160,231	596.2
June 15	3,659,358	198,621	1841.1	1,417,261	605,915	233.9	5,076,619	802,536	632.6
June 29	2,772,365	309,739	895.1	806,215	489,286	164.8	3,577,578	799,005	447.8

It will be recalled that coincident with dwindling supplies of corn of deliverable grades in Chicago in 1945, there were defaults on the July 1945, and December 1945, corn futures,20/ and that the September 1945, contract was closed out by order of the Board of Trade as of August 1, 1946, on the grounds of "serious doubts that sufficient corn can be accumulated in Chicago by the end of September to provide supplies adequate for delivery on September 1946, corn future contracts."21/ By April 1946, however, the quantity of corn of deliverable grades in Chicago had risen in preparation for settlement of the May future from the low of 78,234 bushels on February 2, to 2,028,642 bushels on May 4, a quantity over 3 1/2 times that in Chicago one year before. On May 11, the date on which all old contracts were ordered closed out at the old ceiling, 5 times as much corn of deliverable grades was in Chicago as was in store one year before; on June 1 there was nearly 20 times as much and on June 15, just after all July and September 1946 contracts were closed out at the then prevailing ceiling, the quantity of deliverable grades was 18.6 times that in Chicago one year before.

From this showing it would appear that the corn situation was much easier in Chicago throughout the critical period from May 1 to July 1 than it was the year before. This, however, is not the whole story for much of the corn in store was either the property of the Government, or of others with preferred positions as to ownership of inventories, or was earmarked for shipment on preferred orders.

A possibly somewhat extreme instance of how much of the corn in Chicago may have been so tied up is to be noted in the position of an important merchandiser-operator of a Federally licensed warehouse. This house had more than 750,000 bushels of corn in store on June 15, 1946, of which Commodity Credit owned 76.2 percent, others, stated to be mainly eastern buyers, owned 23.3 percent, and the elevator operator owned only .5 percent. How much of the corn in this, as well as in other houses, might have been available for satisfaction of Chicago futures, especially in July and September was most uncertain with the probability that there would be little. At this time the 1946 crop had only recently been planted. Corn owners generally were holding their supplies for the price increase over then existing ceilings that they expected and hoped would occur if price regulation lapsed on July 1. In view of this uncertain situation all old futures in corn were closed out leaving only new (1946) crop futures for January and March 1947, delivery to be traded in on the Chicago Board of Trade.

20/Chicago Board of Trade Regulation 1202 (adopted July 31, 1945,) and Regulation 1207 (adopted January 3, 1946).

21/1946, Regulation 1304 (adopted July 31, 1946).

[fol. 597]

Barley and Rye

The supply of barley and rye likewise was short. Old contracts in barley were accordingly all closed out at existing ceilings, leaving only new crop futures for delivery in November and December 1946, and March 1947, to be traded on the Chicago Exchange. Rye futures, also, were all closed out in view of the fact that acute short supply due to subnormal acreage and production had produced high speculative prices which were sharply reduced by the imposition of the ceiling of $1.58 1/2 effective June 1, 1946. It was certain that there would be a sharp increase in price if the ceiling went off on July 1.

Oats

The oats supply situation in Chicago, though it grew increasingly tighter from January 1 to June 30, 1946, never assumed such critical aspects as wheat or corn, partly for the reason that Government purchasing and requirements that supplies be offered or held for Government disposition were not factors. The visible supply of domestic oats in store in primary markets east of the Rocky Mountains fell from the large quantity of 41,824,000 bushels at the beginning of January 1946, to 2,703,000 bushels at the beginning of July.22/ At this point the visible supply was about one-third that of the corresponding date of 1945, and about half that of 1944. The storage situation in Chicago's Federally licensed elevators likewise tightened sharply during the first 6 months of 1946, as shown in Table 4.

TABLE 4. TOTAL QUANTITY OF OATS IN STORE IN FEDERAL LICENSED WAREHOUSES IN CHICAGO SUBDIVIDED AS TO DELIVERABLE AND NONDELIVERABLE GRADES ON SPECIFIED DATES DURING THE FIRST 6 MONTHS OF 1946 AND 1945.

Date	Deliverable Grades			Nondeliverable Grades			Total in Federal warehouses		
	1946	1945	Percent 1946 to 1945	1946	1945	Percent 1946 to 1945	1946	1945	Percent 1946 to 1945
January 5	2,709,497	515,357	525.8	1,099,948	605,949	181.5	3,809,445	1,121,306	339.7
February 2	2,239,930	444,844	503.5	1,035,917	580,909	178.3	3,275,847	1,025,753	319.4
March 2	1,330,354	319,919	415.8	686,183	452,984	151.5	2,016,457	772,903	260.9
March 30	1,515,766	480,274	329.3	584,076	300,787	194.2	2,099,842	781,061	268.9
April 27	1,328,215	2,221,369	59.8	894,990	124,475	478.0	1,923,205	2,345,844	82.0
May 11	799,378	2,183,847	36.6	127,928	191,472	66.8	927,306	2,375,319	39.0
June 1	253,068	2,875,744	8.8	122,121	212,404	57.5	375,189	3,088,144	12.1
June 15	210,614	2,068,197	10.2	75,520	179,341	42.1	286,134	2,247,538	12.7
June 29	87,070	2,415,821	3.6	77,676	297,478	26.1	164,746	2,713,299	6.1

At the beginning of 1946, the total quantity of oats of all grades in Federal warehouses in Chicago was nearly 3.4 times that in store at the beginning of 1945, and the quantity of deliverable grades was more than 5 times that in store one year before. The quantity of deliverable grades in store dwindled from the high of 2,709,497 bushels on January 5, to 1,328,215 bushels on April 27, and 799,378 bushels on May 11. The May oats future was ordered closed out at the old ceiling on May 13. Thereafter the quantity of deliverable grades in Chicago's Federally licensed warehouses dwindled to 210,614 and the total of all grades to 286,134 bushels on June 15. In the meantime, defaults on May oats futures were closed out at the new ceiling price effective May 13. Trading in all old as well as new month oats futures was continued after June 3. Distant month oats futures showed a tendency to sag away from ceiling and on June 11, all except July were a full cent below ceiling.23/ When old contracts in other grains were all closed out by the Chicago Board of Trade on June 13, no action was taken respecting oats.

22/Board of Trade Statistics as published in trade magazine.
23/Chicago Journal of Commerce, June 12, 1946.

[fol. 598]

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Futures Open to Trading in Chicago After June 13, 1946

The action taken by the Chicago Board closing out all wheat and rye contracts and July and September corn and barley contracts left only January and March 1947, corn futures, July, August, September, November and December 1946, and March 1947 oats, and November and December 1946, and March 1947, barley futures to be traded in on the Chicago Board of Trade after June 13, 1946, and until such time as the Board might authorize resumption of trading in other grain futures. It is not necessary to trade subsequent actions opening trading in other futures for purposes of this report.

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CHAPTER II. ECONOMIC EFFECTS OF ACTIONS TAKEN

SECTION 1. THE MARKET BACKGROUND

War Food Order No. 144

As already noted, War Food Order No. 144, adopted as a measure necessary to enable the Government to meet its commitments, not only required all grain merchants and country shippers, on and after Saturday, March 2, 1946, to offer to Commodity Credit Corp., at the end of each week, all wheat owned in excess of that required to fill approved preference orders, but it also cut across existing contracts by requiring that:

> "The restrictions of this order shall be observed without regard to existing contracts or any rights accrued thereunder."24/

Thus the effect of War Food Order No. 144 was twofold. It not only made it impossible for grain merchants to accumulate and hold wheat in terminal market warehouses "regular" for future delivery, but also made it impossible to accumulate wheat in country elevators preparatory to moving it to Chicago, or any other contract market, preparatory to delivery on futures. It likewise made it equally impossible for merchandisers to accumulate and hold supplies of wheat for forward delivery on cash contracts other than those having approved preference. Second, the order, in effect, set aside all private contracts not having approved preference status as defined in the order.

Marketwise, the effect of the Government taking over control of the dwindling supply of wheat was to create a situation in commodity exchange markets somewhat similar to a nation-wide corner or squeeze except that the Government rather than a private manipulative trading interest controlled the supply of cash wheat and made it unavailable for satisfaction of future contracts. The interference with normal procedures both with respect to cash and futures was very real, while the fact that the order set aside contract rights respecting wheat turned over to Government control at least strongly suggested that similar procedure be followed by the Board of Trade with respect to futures. The Chicago Board of Trade, citing the interference of W.F.O. No. 144, accordingly ordered all open May contracts settled forthwith at the then existing ceiling 25/ against which the price of the future had been frozen for months.

Other Conditions

Another unusual and important fact that was undoubtedly well recognized by exchange managements long before March 1946, was that whenever futures prices went up to Government-imposed ceilings, the only thing to be speculated on became a possible decrease in price. Consequently, professional speculation in futures (without which, incidentally, futures markets cannot offer adequate hedging protection) had become predominantly speculation on the short side of the market (i. e.) speculative sales in the hope that prices would sag away from ceilings, thereby affording opportunity to cover short positions at a profit.26/

24/ W F O No. 144, par. p.

25/ Chicago Board of Trade Regulation 1803, adopted March 30, 1946.

26/ The U. S. Department of Agriculture, Commodity Exchange Authority, in a study entitled "Effect on Futures Trading in Grains of Changes in Price Ceilings of May 13, 1943," released August 12, 1946, states: "It was found that, contrary to the usual situation, speculators in wheat and corn futures as a group were net short while hedgers as a group were net long. Particularly unusual was the fact that small speculators were predominantly short

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Equally abnormal was the fact that with grain at ceilings and in short supply, hedging became predominantly on the long side of the market in the form of purchases of futures against forward sales of cash grain not yet bought by the hedger. With little grain in store and cash and futures pressing strongly against ceilings, as evidenced by the giving of something in barter in order to get grain, there was little incentive to hedge even small stocks owned by the sale of futures (hedging on the short side of the market). Under these circumstances the long side of the market consisted of long hedgers and some speculators willing to take delivery of grain if they could get it on futures, while the short side became very largely speculative.

Since the shortage of supply made purchase of cash grain difficult, even though something of value other than the cash purchase price was given (such as finding a carload of coal or a specified number of pairs of nylon stockings for the country shipper), neither hedgers nor speculators in long positions were willing to sell their futures, preferring to hold them in the expectation that somehow their validity as a source of grain might be preserved or, failing that, that cash settlement, at least at the prevailing ceiling price, would be forthcoming in case of default in the terminal month. This situation automatically resulted in freezing short speculators in their open positions.

All this occurred before March 1946. In fact, except that the supply situation was more aggravated with respect to wheat in March 1946, it did not differ greatly from the situation which resulted in defaults in July 1945 corn and in December 1945 wheat, corn and barley contracts.27/ Furthermore, the closing out of the September 1945, corn future for reasons of short visible supply on August 1, 1945, nearly two months before defaults could occur 28/ furnished a perfect precedent for the action taken by the Chicago Board in prematurely closing out 1946 contracts.

Closing out earlier defaulted wheat, corn and barley futures at prevailing ceilings and, at the same time, suspending penalties for defaults,29/ undoubtedly had the effect of creating in the minds of short speculators, including both members and nonmembers of the Chicago Board of Trade, a feeling that they might safely sell futures at ceilings and default without danger of penalty. Commission merchants would benefit from any increased volume of trading resulting, and Clearing House members would be freed of responsibility for collecting penalties from their clients in case of default. All this undoubtedly accentuated the swing of speculative trading to the short side of the market.

Between March 26 and May 1, 1946, the supply situation became increasingly tight. The "black market" in corn, which it was claimed as early as January 1946, made supplies short in regular channels of trade, still continued. In addition, the Commodity Credit Corporation began paying premiums of 30 cents per bushel for corn on April 22 and for wheat on May 3, 1946.30/ Board of Trade of Chicago representatives visited Washington, arguing that, in effect, the Government was conducting a "black market" in these grains and urged, especially, that the ceiling price of corn be advanced 30 cents to kill off the black market in corn in the country. This general situation added to conditions imposed by Food Distribution Order No. 144 made it impossible for anyone except preferred processors, exporters, and the Government to accumulate and hold in store any appreciable amount of either wheat or corn.

27/ See Chicago Board of Trade Regulations 1883 and 1887.
28/ Ibid, Regulation 1884.
29/ Ibid, Regulations 1883 and 1887, both of which suspended penalties.
30/ 11 Fed. Register No. 86, p. 4775 and No. 89, p. 4997.

[fol. 601]

Three-agency Announcement of Policy May 8, 1946

In a joint bulletin dated May 8, 1946, announcing advances in ceiling prices of grains effective May 13, 1946, the Office of Economic Stabilization, the U. S. Department of Argiculture and the Office of Price Administration concluded the announcement as follows:

> "The Government Agencies involved in today's actions request and recommend to the governing boards of the grain exchanges that all futures contracts open at the close of business on May 11 be settled at present appreciable ceiling prices. It is further requested and recommended that all cash contracts be handled on a similar basis." 31/

Following the three-agency announcement of May 8, there was a meeting in Chicago on May 11, 1946, attended by representatives of the Chicago, Minneapolis and Kansas City grain exchanges and a representative of the Office of Price Administration. It appears that at this meeting the exchange representatives were advised to follow the request and recommendation of the three-agency announcement. One Chicago Board of Trade director, who personally did not favor the action taken, but joined in it on the basis that it was what the Government desired, stated that the Government representative practically said the Government would take over grain distribution altogether if the futures were not closed out.

On the following day the directors of the Chicago Board of Trade met, decided they had no legal authority to interfere with cash contracts as recommended, but, citing the Board's Emergency Rule No. 251, stopped trading until further notice in all "old" futures outstanding May 11, except for liquidation at or below the ceilings in effect on that date, and further stated that no consideration would be given to the increase in ceiling prices effective May 13, in considering penalties on defaults arising through failure of sellers to deliver on any old futures outstanding on May 11.

Members of the Board of Directors of the Chicago Board of Trade state that this action was taken under the belief that the Government agencies would back up their request and recommendation by a positive directive setting aside future contract rights similar to that contained in paragraph (p) of War Food Order No. 144.32/ Whether or not these statements are altogether self-serving, the fact that is of importance here is that the request and recommendation laid the basis for protection of professional speculators who are more important in the operations of the Chicago Board of Trade than they are in the lesser exchanges, and who were predominantly in short position where they were practically certain to be frozen by refusal of longs to sell, at least as long as supplies of wheat, corn, rye and barley were critically short and prices remained at ceilings. Oats, which were in more plentiful supply and tended to fall away from their ceiling, actually presented less difficulty, although Regulation 1394 required all old oats contracts to be closed out at the old ceiling. Only May oats contracts, however, were so closed out.

In addition to protecting short speculative interests, Regulation 1894 also freed clearing members of the Chicago Board of Trade from the necessity of dipping into their own funds to cover their responsibility to the Clearing Corporation to cover any undermargined short accounts, either of their own or for customers, in case trading was continued and futures prices moved up to the new ceilings, as there was every reason to believe they would do.

31/ Joint Announcement of Government Grain Price Policy issued by O. E. S., U. S. Dept. of Agriculture and O. P. A. May 8, 1946.

32/ Paragraph (p) of W. F. O. No. 144 states: "The restrictions of this order shall be observed without regard to existing contracts or any rights accrued or payments made thereunder."

28 .

Naturally the financial interest of commission houses as well as speculators on their own account, both within the Board of Trade and outside its membership, would tend to make them favor closing out outstanding "old" contracts at the old ceilings and starting trading anew with "new" contracts. This was done by Regulation 1894 even though such protective action destroyed the validity of contracts as hedges, wiped out the potential profits of long speculators, and, in general, undermined public confidence in the integrity and validity of futures contracts. It is to be kept in mind, however, that in doing this, the Chicago Board of Trade was following the request and recommendation of the three-agency announcement of grain policy of May 8, 1946.

Having taken this action on May 12, the Board of Trade management asked the three Government agencies for a positive directive along the line of the request and recommendation. When such a directive was not forthcoming, the Board of Directors reversed itself with respect to the settlement of defaulted old May futures in wheat, corn, oats, and barley, and ordered resumption of trading in all other "old" contracts under the new ceilings, such trading to begin June 3.

After a period of ten days of trading during which all old futures, even including oats which were in fairly plentiful supply, moved up to the new ceilings, they, together with certain of the so-called "new" futures, were all closed out at ceiling prices prevailing at the close of trading on June 13. This last action was taken in anticipation of price increases which it was believed would follow the expected expiration of price controls on July 1.

The net effect of closing out defaulted May futures and permitting trading in other old futures until they reached new ceilings was to shift the financial responsibility for the May 13 ceiling price increases back to the frozen in shorts, while that of closing out all old futures and some new ones prematurely on June 13 was to relieve shorts of any further responsibility for price increases which might occur after the anticipated expiration of price controls on July 1.

With these general background facts in mind, the ensuing section presents measures of the financial effects produced and the incidence of profits and losses arising out of the various actions of the Chicago Board of Trade in closing out futures contracts from March 26 through June 13, 1946.

SECTION 2. TOTAL VOLUME OF GRAIN FUTURES AFFECTED BY CLOSE-OUT ORDERS

Contracts Involved

As already indicated, the Chicago Board of Trade, by regulations adopted under its Emergency Rule 251, restricted trading in all grain futures at some time during the period from March 26 to June 13, 1946, and closed out altogether the following "old"33/ and "new"34/ futures on or before June 13:

Grain	Old Futures	New Futures 33/
Wheat	May, July, Sept. & Dec. 1946, and May 1947	Aug. & Nov. 1946, and March 1947
Corn	May, July and Sept. 1946	
Oats	May, July, Sept. & Dec. 1946 35/	
Rye	July, Sept. & Dec. 1946	Nov. 1946, & March 1947
Barley.....	May, July and Sept. 1946	

33/Old futures are those traded in under ceilings in effect from March 6 to May 13, 1946.
34/New futures are those authorized for trading under the new ceilings effective May 13, 1946.
35/July, Sept. and Dec. Oats were affected only by the limitation of trading to liquidation during the period May 13 to May 31.

[fol. 603]

May 1946, wheat was closed out by special regulation on March 26.36/ All other May futures except rye were subjected to special regulation limiting trading to liquidation from May 13 to the end of trading and all May futures, including rye, were closed out by special regulation covering quantities defaulted on May 31.37/ For all other old futures for all five grains, trading was limited to liquidation from May 13 to June 3, then open trading was permitted through June 12, and on June 13, all except oats were closed out.38/ And finally, all outstanding new futures for wheat and rye, on which open trading had been permitted from May 13 through June 12, were closed out by special order on June 13.39/

Total Quantity Affected

Table 5 presents the overall picture of total quantities of open old futures affected by the various special regulations of the Chicago Board of Trade. The table also shows the financial effect of various liquidations made, such effects being computed for each grain on the basis of its increase in ceiling price which became effective on May 13. The purpose of the table is twofold: (1) to indicate clearly the total volume of old futures affected by the various regulations, and (2) to indicate the total losses and gains to particular interests due to the fact that part of the futures affected for each grain was settled at the old ceiling price while the remainder, except in the case of oats, was closed out on June 13 at the new ceiling effective after May 13.

36 Regulation 1893
37 Regulations 1894, 1895 and 1897
38 Regulations 1894, 1898 and 1899
39 Regulations 1894 and 1899

TABLE [illegible] TOTAL "OLD" CROP FUTURES CONTRACTS AFFECTED BY MAY 21 INCREASE IN SELLING PRICES AND BY CROP JULY FUTURES ON THE CHICAGO BOARD OF TRADE, MAY [illegible] JUNE [illegible], 1940

	Open May [illegible]	Financial Effect of Selling Increase		Liquidation Trading at Old Selling			May 21 Open Int.		Reduction of Open Trading June [illegible]		Closed Out June [illegible] New Selling Price	
	Bu.	Increase Per Bu.	Amount	Bu.	Loss Long	Bu.	Loss Long at New Selling	Bu.	Bu.	Per Cent Long	Bu.	Per Cent Long
WHEAT - May Contracts												
July, Sept. & Dec. Contracts	[illegible]			[illegible]								
May 21 Contracts	[illegible]			[illegible]								
Total Wheat	[illegible]			[illegible]								
CORN - May Contracts	[illegible]			[illegible]								
July & Sept. Contracts	[illegible]			[illegible]								
Total Corn	[illegible]			[illegible]								
OATS - May Contracts	[illegible]			[illegible]								
July, Sept. & Dec. Contracts	[illegible]			[illegible]								
Total Oats	[illegible]			[illegible]								
RYE - May Contracts												
July, Sept. & Dec. Contracts	[illegible]			[illegible]								
Total Rye	[illegible]			[illegible]								
BARLEY - May Contracts	[illegible]			[illegible]								
July & Sept. Contracts	[illegible]			[illegible]								
Total Barley	[illegible]			[illegible]								
ALL GRAIN - May Contracts	[illegible]			[illegible]								
July & Later Contracts	[illegible]			[illegible]								
Total All Grain May:												
At June 15	[illegible]			[illegible]								
Per Cent May Wheat Open Interest												
At Market Close	[illegible]			[illegible]								
Closed Out Later												
Market Close June [illegible]	[illegible]			[illegible]								

A. May wheat was [illegible] at close of 1940.
Delivery Settled May [illegible], 1940.
No trade closed out June [illegible].
New selling price of rye until June [illegible], 1940, applies on May rye in [illegible].
Total potential loss to longs on selling [illegible] at close of trading May 21 selling price [illegible] reduction made.
Excludes 21,000 Bu. due July and later dates not closed out as of June [illegible].
Excludes 21,000 Bu. due July and later dates not closed out as of June [illegible].
Excludes the small quantity of December Barley not closed out as of June [illegible] amounted to 3,000 Bu. on May 31, 44,000 Bu. on May 31, and 30,000 Bu. on June 15.

[fol. 605]

A total of 93,902,000 bushels of old futures were affected in some way by special regulations of the Chicago Board of Trade from March 26 to June 13, 1946. This total consisted of 9,492,000 bushels (or 10.1 percent) of May wheat, closed out on March 26, 1946; 17,631,000 bushels (18.8 percent) of May contracts for all grains that were closed out during May; 33,291,000 bushels (35.5 percent) of contracts for wheat, corn, rye, and barley that were liquidated prematurely during the period May 13 to June 13; and 33,488,000 bushels (35.6 percent) of later month contracts for oats, trading in which was limited to liquidation only from May 13 through June 3 and thereafter was thrown open without restriction.

Incidence of "Windfall" Profits From Ceiling Price Increases

All of the various futures affected, except oats, were traded continuously at prevailing ceilings throughout the period from March 26 to May 13, and nearby oats futures did not deviate greatly from ceiling at any time during this period. So long as this condition prevailed, short interests in grains other than oats, whether speculative or hedging, were quite effectively frozen in their positions for two reasons: first, by refusal of longs to sell, and second, by the fact that there was no new speculative interest willing to sell and thereby assume a new short position. In other words, except for oats, the market was too one-sided and thin to permit short speculative positions to be liquidated or adjusted. In fact, there is documentary evidence that orders of nonmember short interests to buy given to brokers as early as December 1945, and January 1946, had not been executed in May.

So long as these conditions prevailed with practically no supplies of grain other than oats available for satisfaction of futures, the effect of the ceiling price increases of May 13 would be to place additional financial burdens on shorts, for the benefit of longs, equal to the ceiling price increase for each grain, multiplied by the total open interest in old futures for that grain outstanding when the price increase became effective.

The action taken by the Chicago Board of Trade, on May 12, definitely relieved the shorts of all financial responsibility under the increased ceiling prices to the possible extent of $9,501,330, and shifted that responsibility to the longs in the requirement that all old contracts open May 11 be liquidated at or below the old ceiling. The action of the Board of Trade on May 31, ordering the settlement of defaulted May contracts at the new ceiling, reimposed that responsibility on defaulting shorts. When the Board of Trade reopened trading on all old July and later futures on June 3, such futures for all grains except oats promptly moved up to the new ceiling prices. This had the effect of reimposing upon shorts who remained in open position after prices reached the new ceilings the full financial responsibility of which had been relieved on May 13 with respect to all old futures except those for oats, and with respect to oats to the extent that prices moved upward toward the new ceiling price.

Keeping these facts in mind, as well as recognizing that failure of oats futures to move up to and stay at either the old or the new ceiling makes it impossible to compute accurately the incidence of financial responsibility for oats growing out of the increase in ceiling prices, the overall showing of Table 4 as to where profits and losses under the various regulations of the Board of Trade from March 26 through June 13 finally fell may be summarized as shown in Table 6.

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TABLE 6. TOTAL PROFITS AND LOSSES TO LONGS AND SHORTS RESULTING FROM FORCED SETTLEMENTS OF CHICAGO GRAIN FUTURES, MAY 13 - JUNE 13, 1946

Item	Effect of May 13 Ceiling Change		
	Bushels	Amount	Percent
Possible saving to shorts on May wheat settled March 26, 1946 1/	9,492,000	$ 1,423,800	10.1
Saving to shorts on futures liquidated by trading May 13-31 per regulation 1894	15,906,000	1,490,530	16.9
Total saving to shorts	25,398,000	$ 2,914,330	27.
Profit to longs on settlement of May futures defaults at new ceilings prices per Regulation 1897	14,639,000	$ 1,846,830	15.6
Profit to longs on open positions liquidated by open trading June 3-13 per Regulation 1898	[illegible]	22,330	1.4
Profit to longs on open positions closed out at new ceiling on June 13 per Regulation 1899	28,648,000	4,747,29[illegible]	[illegible]
Potential profit to longs on lots futures open June 13 but not closed out June 13 per Regulation 1899 2/	22,907,000	[illegible]	25.8
Total profit to longs	68,504,000	$ [illegible]	[illegible]
Total futures affected by restrictive trading and close-out orders	93,902,000	$[illegible]	100.0

1/This is the maximum possible saving based on assumption that these contracts would have remained open to May 31.

2/Computed at full ceiling change of 5 cents per bu. effective May 13, 1946. In fact, this amount was shared in an undetermined proportion between longs and shorts because the prices of September and December oats did not reach the old ceiling at any time from May 13 to 31, and similarly sagged below the new ceiling most of the time from June 3 to June 13.

The net effect, of the various actions taken by the Board of Trade, first shifting all of the financial responsibility arising under the ceiling price change of May 13, from shorts who were frozen in their short position to the longs, and then later reversing their position and shifting the responsibility back to the shorts by actions taken on May 31, and June 13, was to saddle $2,914,330 or 27 percent of the total potential loss on futures closed out on the longs, and to saddle shorts with the remaining $8,010,000 or 73 percent, of the potential increase in value of old futures resulting from the ceiling price increase. In other words, the vacillating actions of the Chicago Board of Trade protected shorts to the extent of 27 percent of the total potential "windfall" profit arising out of the ceiling price increases of May 13, and assured longs the remaining 73 percent. The effects of the various actions taken in through distributing losses and gains are described below.

Basing its action on the fact that continuance in effect of War Food Order No. 144 through May would make it impossible for any private interest to accumulate and control free wheat in position regular for delivery on the May future, the Board of Trade ordered all outstanding May wheat contracts prematurely liquidated on March 26, at the then prevailing ceiling price. On 9,492,000 bushels closed out on that date the new ceiling price of May 13, represented a potential profit to longs of $1,423,800. The March 26, close-out protected shorts against potential loss of like amount assuming that, under the circumstances, longs would have refused to liquidate their positions prior to May 13.

From May 13 to May 31, a total 15,906,000 bushels of all grains was liquidated by trades at or below the old ceilings in accordance with Regulation 1894. Computed at the difference between old and new ceilings, the longs who so liquidated sustained a potential loss of $1,490,530, and shorts benefitted to a like extent.

This left a total of 68,504,000 bushels of old contracts either open or in default at the close of trading on May 31. Of this total, May contracts that were in default represented 14,639,000. These defaults were settled at the new ceiling price under Regulation 1897. This shifted an actual loss of $1,846,830 from the longs who had,

[fol. 607]

stood for delivery on their May contracts to the shorts who had previously been protected under Regulation 1894.

Also on May 31, the Board of Trade, by Regulation 1898, reopened trading at not to exceed new ceilings on all other old contracts outstanding. This order affected 53,865,000 bushels of old July and later months previously restricted to trading for liquidation. Prices for all grains except oats promptly moved up to the new ceilings. From June 3, the date on which trading reopened, to June 13, trading was small and prices, except for oats, became firmly frozen at the new ceilings. A total of 1,310,000 bushels of old contracts for grains other than oats, however, was liquidated at a possible profit to longs of $221,330.

This left a total of 28,648,000 bushels of old futures other than oats open on June 13. Longs, hoping for the termination of OPA controls on July 1, anticipated higher prices after July 1 and still refused to trade. On May 13, the Board of Trade, by Regulation 1899, closed out this open interest at the ceiling prices quoted at the close of trading on that day. This Regulation closed out 28,648,000 bushels of old contracts for wheat, corn, rye and barley at a profit to longs up to that date of $4,747,290.

This left a total of 23,907,000 bushels of old oats outstanding as of June 13. These contracts had been restricted to trading for liquidation only during the period from May 13 through May 31, and were thereafter open to trading until June 13. During this period old oats futures failed to reach ceiling until June 11, when it appeared that they might be closed out on June 13. They, however, were not closed out on that date, and soon fell away from ceiling, especially for contracts later than July. Since they were subject to Board of Trade restrictive regulations up to June 13, they have been included in the computation of potential profits on losses under Board of Trade regulations up to June 13. To the extent that prices failed to adhere to ceilings either before or after June 13, the potential profit shown was divided between longs and shorts up to June 13, and also thereafter.

In addition, the Board of Trade closed out all outstanding new futures for delivery of wheat in August and November 1946, and March 1947. This affected a total of 390,000 bushels of wheat futures consisting of 44,000 August, 62,000 November and 284,000 bushels of March (1947) wheat contracts, all of which had been traded under the new ceilings. No new futures are included in Table 6.

SECTION 3. INTEREST OF CLEARING MEMBERS IN ACTIONS TAKEN.

Number of Clearing Member Personnel on the Board of Directors in 1946

The governing body of the Chicago Board of Trade, collectively known as its Board of Directors, consists of 21 persons constituted as follows: The President, 2 Vice-Presidents, 15 Directors, elected from among the membership of the Chicago Board of Trade, and 3 nonmember directors elected by the Board of Directors.

At the time Regulation 1894 was adopted, 10 of the member-directors and 2 of the principal officers (12 in all) of the 18 members of the Board of Directors who were elected from among the membership of the Association were also firm members, officers or employees of clearing house members. The officers and directors, together constituting the Board of Directors of the Chicago Board of Trade as of February 11, 1946, were as follows:

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Persons	Firm
1. Schaach, Harry C. (President)	(No Firm)
2. Uhlmann, Richard F. (1st. Vice-President)	Uhlmann Grain Company
3. McClintock, J. O. (2nd. Vice-President)	Continental Grain Company
Directors with Clearing Member Affiliation:	
1. Altorfer, Jos. A.	J. S. Templeton's Sons
2. Bostrom, Carl E.	Lowell Holtz & Company
3. Combs, Earl M., Jr.	E. M. Combs & Son
4. Fischer, Albert C.	Mitchell, Hutchins & Company
5. Griffin, J. Hollis	J. S. Bache & Company
6. Hollis, G. Willard	Hales & Hunter Company
7. Hargrave, Homer P.	Merrill, Lynch, Pierce, Fenner & Beane
8. Hosty, Thos. E.	Sincere & Company
9. Miller, Frank A.	James E. Bennett & Company
10. Wagner, Lee H.	Norris Grain Company
Directors without Direct Clearing Member Affiliation:	
11. Bumer, Clarence A.	(No Firm)
12. Lee, Lacy J.	(No Firm)
13. Meyers, Sylvester J.	Arnold Farmer Milling Company
14. Morris, John S.	(No Firm)
15. Murray, John A.	Argent Oil Company
16. Bunting, W. Ton	Nonmember firm
17. Miller, Stephen A.	Nonmember firm

Thus a majority of the directors, and the Board's two vice-presidents stood in a position of multiple interest in the confused actions taken by the Chicago Board of Trade during the months of May and June 1946. The responsibilities arising out of these multiple interests include their responsibilities to their respective concerns as well as for the welfare of the Chicago Board of Trade and the interests of the nonmember trading public which furnishes the backbone of trading on the Board at all times.

Nature of Business of Important Companies With Personnel on the Board of Directors

Among the clearing members from whose personnel officers and directors of the Chicago Board of Trade were drawn were large grain merchant-elevator operators such as Continental Grain Co., Norris Grain Co., and Hales & Hunter Co. Other directors were elected from among the personnel of such nation-wide brokerage concerns as J. S. Bache & Co., Merrill, Lynch, Pierce, Fenner & Beane and Mitchell Hutchins & Co. Others were drawn from the personnel of lesser brokerage companies, floor traders, processors and firms that combine commission brokerage with interest in the operation of country elevators.

Positions of Various Companies in the Market

One large merchandising company had a large open long position and very little short, while another merchandiser had quite large open positions both long and short, and a third had no open position at all during any of the period May 13 to June 13. Commission brokerage concerns tended to have larger short than long interest, as might be expected from the fact that for at least a year the principal speculative interest that they served had been predominantly on the short side of the market because with prices at ceiling about all there was to speculate on was the possibility that prices might decrease. This was by no means universally true,

however, for some commission brokerage concerns had open long interests greater than their open short interests.

Statements made to representatives of the Commission by representatives of several concerns having relatively large open short interests were to the effect their open positions with the Clearing House were for customers and, further, that firm members generally had little or no open short positions personally. These statements are borne out by the results of a special study of open accounts made by the Commodity Exchange Authority covering all open accounts of officers and Directors of the Chicago Board of Trade as of April 30, 1946.

Normal Method of Settling Futures Trades

Rules of the Chicago Board of Trade require that all trades made on its floor by its somewhat more than 1400 members, which trades are not offset by the member buying or selling (as the case may be) a like quantity of the same commodity for the same delivery, shall be reported to and cleared through a separate corporation known as the Board of Trade Clearing House. Approximately 60 members of the Chicago Board of Trade constitute the membership of the Clearing House, and all trades must be cleared through them.

The fact that the Clearing House deals only with the clearing members places them in the position of intermediaries between the Clearing House and all members of the Board of Trade and customers of the last named group. Traders are responsible to the clearing members, who in turn are responsible to the Clearing House, for all margins required to guarantee trades and other funds necessary to make it financially possible for Clearing House to substitute itself for both buyer and seller as provided in the Rules of the Chicago Board of Trade.

Normally the procedure in case of a change in price sufficient to reduce margins on deposit below the minimums required by the Clearing House is to close out the accounts of under-margined customers. The May 13 advances in ceiling prices created a situation in which margins on deposit for Wheat and Corn would have been insufficient to enable the Clearing House to liquidate frozen in short accounts had trading been continued and prices moved up to the new ceilings, as there was every reason to believe they would do, especially for near month futures, while the margins on deposit on old oats and barley contracts would automatically have fallen below the minimums required to be maintained, and rye would have fallen to the minimum required by Regulation 1821-A for all commitments other than hedging.

The frozen condition of the market already described made it practically certain that there would be little opportunity to liquidate under-margined short positions until new crop movement of free grain became sufficient to make possible deliveries of grain on maturing futures. This, obviously, would not occur for several months for any grain other than oats.

Under these conditions, clearing members, and other Board of Trade members responsible to clearing members faced the necessity of finding funds to cover under-margined accounts of their customers whose under-margined accounts could not be closed out. To maintain the financial solvency of the Clearing House, clearing members would have to dip into their own funds without adequate assurance of ability to collect funds so advanced from their under-margined customers who would be reluctant, and some financially unable, to respond to calls for increased margins.

Furthermore, in case of further price advances after July 1, beyond the new ceiling prices effective May 13, the total amount of such advance would have to be

added to the additional responsibility which it would be necessary to assume so long as under-margined accounts could not be closed out. Such possible assumption of financial responsibility for funds with which to enable the clearing house to settle defaults, may be conveniently expressed by the formula -

$$X = S(D-M)$$ 40/

in which X = additional funds to be supplied,
S = total short interest of clearing members
D = total increase in price per bushel, and
M = margin per bushel already on deposit for customers.

Division of Open Short Accounts Between Clearing Members With Personnel on the Board of Directors and all Other Clearing Members

Table 7 shows the total open short interest of 84,410,000 bushels 41/ of old contracts affected by trade restricting and close-out regulations of the Chicago Board of Trade during the period May 13 through June 13, 1946, subdivided to show the short interest, respectively, of clearing members from whose personnel 12 officers and directors of the Chicago Board of Trade were drawn and all other clearing members.

40/ Solution of the following problem yields this formula: If there is open with the Clearing House total long accounts L equal to total short accounts S, all margined at M cents per bushel, what additional liability do clearing members and their customers face to enable the Clearing House to make cash settlement if the price goes up D cents per bushel (which amount is greater than M) and the market is so frozen that short positions cannot be liquidated either by trading or by delivery of grain?

To make cash settlement, the Clearing House must have total debits and credits for clearing members and their customers to the algebraic sum of L(M+D) - SM - S(D-M) = 0. But the sum of debits and credits of clearing members with the Clearing House amounts to L(M+D) - SM ≠ 0. Equating these two with X representing the difference still due from clearing members and their customers to enable complete cash settlement gives

$$L(M+D) - SM - X = L(M+D) - SM - S(D-M)$$

Whence $X = S(D-M)$

What this last equation means is that when cash settlement becomes necessary under the conditions assumed, clearing members become initially liable to the Clearing House to the extent of their total undermargined short interest multiplied by the amount per bushel that the short interest is undermargined. Unless each clearing member puts up his share of the total, the Clearing House obviously will be short of funds to make complete cash settlement.

41/ This quantity does not include 3,547,000 bushels of May rye not under ceiling on May 11, and 39,000 bushels of December 1946, barley which was not closed out on June 13. It therefore differs from the total of open contracts shown by the Commodity Exchange Authority for May 11, by 3,606,000 bushels.

TABLE 7. TOTAL "OLD" GRAIN FUTURES CONTRACTS CLOSED OUT PER ORDERS OF THE CHICAGO BOARD OF TRADE DURING THE PERIOD MAY 14 - JUNE 14, 1946, SUBDIVIDED TO SHOW THE SHORT INTERESTS OF CLEARING MEMBERS WITH WHICH 12 OFFICERS AND DIRECTORS WERE AFFILIATED AND THE INTEREST OF ALL OTHER CLEARING MEMBERS

	Total Open May 11			Liquidating Trading at Old Ceiling May 13-14		Balance Open May 14		Reduction in Open Trading June 4-13		Balance Closed Out June 14 at New Ceiling Price	
		Effect of Ceiling Increases									
	Bushels	Cents Per Bu.	Amount	Bushels	Loss to Longs	Bushels	Profit to Longs at New Ceiling	Bushels	Possible Profit to Longs	Bushels	Profit to Longs
12 clearing members with officers and directors:											
Wheat: May contracts											
Other old contracts	8,863,000	$ .16	$1,429,480	894,000	$ 144,300	7,969,000	$1,285,180	547,000	$ 88,250	7,382,000	$1,207,530
Total	8,863,000		$1,429,480	894,000	$ 144,300	7,969,000	$1,285,180				
Corn: May contracts	3,037,000	$ .25	$ 759,250	346,000	$ 86,500	2,691,000	$ 672,750				
Other old contracts	3,651,000		912,750	21,000	5,250	3,630,000	907,500	65,000	$ 16,250	3,565,000	$ 891,250
Total	6,688,000		$1,672,000	367,000	$ 91,750	6,321,000	$1,580,250				
Oats: May contracts	4,191,000	$ .05	$ 209,550	490,000	$ 24,500	3,701,000	$ 185,050				
Other old contracts	12,901,000		645,050	5,011,000	250,550	7,890,000	394,500				
Total	17,092,000		$ 854,600	5,501,000	$ 275,050	11,591,000	$ 579,550				
Rye: May contracts											
Other old contracts	6,166,000	$ .10	$ 616,600	442,000	$ 44,200	5,724,000	$ 572,400	6,000	$ 600	2,728,000	$ 272,800
Total	6,166,000		$ 616,600	442,000	$ 44,200	5,724,000	$ 572,400				
Barley: May contracts	181,000	$ .09	$ 16,290	56,000	$ 5,040	125,000	$ 11,250				
Other old contracts	177,000		15,930			247,000	21,330	2,000	$ 180	225,000	$ 21,150
Total	413,000		$ 32,220	56,000	$ 5,040	362,000	$ 32,580				
Total directors & officers: May contracts	7,409,000	-	$ 985,090	892,000	$ 116,140	6,517,000	$ 869,050	-	-	-	-
Other old contracts	28,818,000	-	3,225,180	6,454,000	433,100	22,460,000	2,792,080	660,000	$105,780	13,900,000	$2,392,530
Total	36,227,000	-	$4,210,270	7,346,000	$ 549,240	28,977,000	$3,661,130				

TABLE 7. (continued)

	Total Open May 31	Effect of Selling Increases		Liquidating Trading at Old Selling May 31		Balance Open May 31		Reduction in Open Trading June 1-15		Balance Closed Out June 15 at New Selling Price	
	Bushels	Cents Per Bu.	Amount	Bushels	Loss to Longs	Bushels	Profit to Longs at New Selling	Bushels	Possible Profit to Longs	Bushels	Profit to Longs
All other clearing members:											
Wheat: May contracts	10,221,000	$ .10	$1,022,100	1,250,000	$ 47,500	8,971,000	$1,445,850	448,000	$ 66,000	4,480,000	$1,274,750
Other old contracts	1,200,000		1,200	200,000	38,500	1,000,000	300,000				
Total	11,421,000		$1,023,300	1,450,000	$ 86,000	9,971,000	$1,745,850				
Corn: May contracts	4,448,000	$ .25	$1,124,500	1,670,000	$ 418,750	2,778,000	$ 695,750				
Other old contracts	1,027,000		256,750	27,000	10,125	1,000,000	246,625	245,000	$ 60,250	1,245,000	$ 307,750
Total	5,475,000		$1,381,250	1,697,000	$ 428,875	3,778,000	$ 942,375				
Oats: May contracts	1,528,000	$ .05	$ 276,500	443,000	$ 22,150	1,085,000	$ 256,150	-	-	-	-
Other old contracts	26,587,000		1,329,350	4,577,000	228,850	16,010,000	964,450	-	-	-	-
Total	28,115,000		$1,605,850	4,971,000	$ 248,550	17,095,000	$1,220,600				
Rye: May contracts	2,665,000	$ .10	$ 266,500	665,000	$ 66,500	2,000,000	$ 200,000	11,000	$ 1,100	1,411,000	$ 155,210
Other old contracts	1,302,000		130,200	665,000	66,500	637,000	63,700				
Total	3,967,000		$ 396,700	1,330,000	$ 133,000	2,637,000	$ 263,700				
Barley: May contracts	198,000	$ .10	$ 19,800	11,000	$ 1,100	187,000	$ 18,700				
Other old contracts	191,000		19,100			191,000	19,100			191,000	$ 19,100
Total	389,000		$ 38,900	11,000	$ 1,100	378,000	$ 37,800				
Total other clearing members, 4 grains:											
May contracts	18,860,000		$1,818,900	4,039,000	$ 440,000	14,821,000	$2,360,450				
Other old contracts	29,315,000		2,935,400	5,469,000	343,975	23,818,000	2,594,925	693,000	$ 127,350	6,916,000	$1,801,860
Total	48,175,000		$4,754,300	9,508,000	$ 783,975	38,639,000	$4,955,375				
Grand total, all clearing members:											
May contracts	47,871,000		$4,813,700	2,304,000	$ 154,000	45,639,000	$5,146,834				
Other old contracts	66,779,000		6,687,600	5,914,000	343,975	60,865,000	6,263,925	1,341,000	$ 127,350	20,648,000	$4,347,050
Total	114,650,000		$11,501,300	8,218,000	$ 497,975	106,504,000	$11,410,759				

1/Does not include 5,567,000 bushels of May rye not under selling or 39,000 bushels of December barley not closed out on June 15.

Briefly, the showing is that at the close of trading on Saturday, May 11, the 12 clearing members with personnel among the officers and directors of the Board of Trade had a total open short interest of 36,227,000 bushels representing 42.9 per cent of the total of 84,410,000 bushels covered in the table. The balance of 48,183,000 bushels, or 57.1 percent, represents the short interests of all other clearing members. In other words, 12 clearing members from whom a majority of the management of the Board of Trade were elected, representing about one-fifth of all clearing members, had two-fifths of the total open interest on May 11.

They (and their customers) also bore the financial responsibility for about 44 percent of the ceiling price increase provided trading was continued and prices went to the new ceilings. Also, their proportion of the total financial responsibility tended to increase on each of the critical dates, May 31 and June 13, as indicated by the following percentages based on the data shown in Table 7:

With respect to reassumption of financial burden involved in the settlement of defaulted May corn, oats, and barley contracts at the new ceiling on May 31, the showing, based on Table 7 is that the 12 clearing members, on the whole, liquidated their open positions between May 13 and May 31 somewhat less rapidly than other clearing members. In consequence, their proportion of the total financial responsibility shifted to shorts on May 31 showed an increase over what it was on June 13. The percentage showing for May contracts, based on Table 7, is as follows:

Specifically, the 12 firms with personnel on the Board of Directors had 42 percent of the total open short positions on May contracts on May 11 and 44.5 percent on May 31. As a result, their proportion of the total financial responsibility for settlement of May defaults at the new ceiling increased from 41.0 percent on May 13 to 47.1 percent on May 31. In terms of dollars, this meant, as shown in Table 7, that the 12 firms on May 13 stood to benefit to the extent of $985,090 by settling all outstanding May futures at the old ceiling. Under Regulation 1897 these firms and their customers reassumed $869,050 of this amount. Other clearing members stood to benefit to the amount of $1,418,620 by settling at the old ceiling, but reassumed $977,780 of this amount on May 31 by settling defaults at the new ceiling prices.

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For July and later contracts the showing is not greatly different from that for May contracts. Percentagewise, the showings for the two groups of clearing members on May 11, May 31 and June 13 are as follows:

OTHER OLD CONTRACTS

Group	May 11	May 31	June 13
	Percent	Percent	Percent
Bushels open short interest:			
12 clearing members with personnel on Board	43.2	41.7	48.6
All other clearing members	56.8	58.3	51.4
Total	100.0	100.0	100.0
Financial responsibility:			
12 clearing members with personnel on Board	45.4	45.3	48.3
All other clearing members	54.6	54.7	51.7
Total	100.0	100.0	100.0

Here the proportion of total short responsibility of clearing members with personnel on the Board of Directors tended to decrease slightly from May 13 to 31, in terms of both quantity and financial responsibility, and after a period of 10 days open trading in other futures, the division between the two groups of clearing members was more nearly equal than on either of the other dates. In terms of overall financial responsibility, this meant that on July and later contracts of all grains closed out, clearing members with personnel on the Board of Directors stood to gain $3,225,180 by closing all July and later contracts open on May 11 at the old ceilings. Subsequently, under Regulation 1897, they reassumed $2,397,580 (exclusive of July and later-month oats futures not closed out on June 13). Other clearing members stood to gain $3,872,440 by closing out all futures as of May 11. Subsequently, Regulation 1897 required them likewise to reassume the responsibility for $2,571,040 of this amount, exclusive of oats contracts, none of which were closed out on June 13. After 10 days of open trading, the balance of financial responsibility up to the new ceiling was assumed by both groups in the premature settlement of futures. Of the total of $4,747,290 so assumed, $2,292,500, or 48.3 percent, fell upon the 12 clearing members with personnel on the Board of Directors and $2,454,790, or 51.7 percent, on all other clearing members.

While Table 7 sets out in detail the quantities and financial responsibilities involved in the various actions taken up to June 13, it contains so much detail as to be difficult of interpretation as to the total responsibility of the two groups of clearing members and the final incidence of those responsibilities for each grain under the various actions taken from May 13 through June 13. Table 8, which is based entirely on Table 7, makes such a summary in more readable form.

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TABLE H. DISTRIBUTION OF TOTAL FINANCIAL RESPONSIBILITY FOR SETTLEMENT OF OLD FUTURES CLOSED OUT AT CEILING PRICE FOR EACH GRAIN SUBDIVIDED BETWEEN CLEARING MEMBERS WITH PERSONNEL ON THE BOARD OF DIRECTORS AND ALL OTHER CLEARING MEMBERS

	May 13		Absorbed by Longs in Trading From May 13 to May 31		Absorbed by Shorts in Liquidating Defaulted May Contracts		Balance Open June 1		Reduction by Trading June 1-13		Balance Closed Out June 13	
	Bushels	Amount	Bushels	Amount	Bushels	Amount	Bushels	Amount	Bushels	Amount	Bushels	Amount
Clearing members with personnel on board:												
Wheat	8,863,000	$1,329,450	894,000	$ 134,100			7,969,000	$1,195,350	587,000	$ 88,050	7,382,000	$1,107,300
Corn	6,688,000	1,672,000	367,000	91,750	2,691,000	$ 672,750	3,630,000	907,500	66,000	16,250	3,565,000	891,250
Oats	17,092,000	854,600	5,501,000	275,050	3,701,000	185,050	7,890,000	394,500 1/				
Rye	3,166,000	316,600	432,000	44,200			2,734,000	273,400	6,000	600	2,728,000	272,800
Barley	418,000	37,620	56,000	5,040	125,000	11,250	237,000	21,330	2,000	180	235,000	21,150
Total	36,227,000	$4,210,270	7,250,000	$ 549,140	6,517,000	$ 869,050	22,460,000 2/	$2,792,080 2/	660,000	$105,080	13,910,000	$2,292,500
All other clearing members:												
Wheat	10,221,000	$1,533,150	1,250,000	$ 187,500			8,971,000	$1,345,650	446,000	$ 66,900	8,525,000	$1,278,750
Corn	8,475,000	2,118,750	1,748,000	437,000	2,955,000	$ 738,750	5,664,000	976,000	193,000	48,250	3,711,000	927,750
Oats	26,113,000	1,305,650	4,974,000	248,700	5,125,000	256,250	16,017,000 1/	800,850 1/				
Rye	2,988,000	298,800	663,000	66,300			2,325,000	232,500	14,000	1,400	2,311,000	231,100
Barley	389,000	35,010	21,000	1,890	175,000	15,750	193,000	17,370			193,000	17,370
Total	48,183,000	$5,291,360	8,656,000	$ 941,390	8,255,000	$1,010,750	33,170,000 2/	$3,372,370 2/	653,000	$116,550	14,738,000	$2,454,970
Total all clearing members	84,410,000 3/	$9,501,630	15,906,000	$1,490,530	14,639,000	$1,879,800	55,630,000 2/	$6,164,450 2/	1,313,000	$221,630	28,648,000	$4,747,290

1/Open June 1, but none closed out June 13, hence omitted in subsequent columns. Changes occurring on these futures were determined by subsequent open trading rather than by Board of Trade Regulation.

2/Includes oats futures open June 1 but not closed out June 13, which are not given consideration in subsequent columns.

3/Does not include 3,567,000 bu. of May rye not under ceiling or 89,000 bu. of December barley not closed out on June 13.

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Here the showing is that clearing members from among whose personnel a majority of the Board of Directors was drawn stood to gain (or be saved from possible loss) to the extent of $4,210,270 by settling all old futures outstanding on May 13 at the old ceilings. Of this amount, $549,140 was realized at the expense of longs who liquidated at the old ceiling between May 13 and May 31. On May 31, $869,050 of the financial responsibility was reassumed by clearing house members and their short customers in the settlement of defaulted May futures, and the balance, amounting to $2,397,580 (exclusive of oats not closed out June 13) was reassumed in the form of probable loss in open trading from June 3 to June 13 and definite loss in the final close-out on the latter date of all old futures outstanding at the new ceiling prices. The table also shows the distribution of these responsibilities for the futures of each of the 5 grains affected by ceiling prices and close-outs from May 13 through June 13.

For all other members, the showings are similar. Starting with May 13, this group and their short customers stood to gain (or be saved from possible loss) to the extent of $5,291,060 on May 13. Of this amount $941,390 was absorbed by longs who liquidated at the old ceiling prices between May 13 and May 31. Responsibility to the extent of $977,780 was reassumed by clearing members and their short customers in the settlement of defaulted May futures at the new ceiling prices, and the balance (other than applicable to oats futures not closed out June 13) was reassumed through open trading from June 3 to 13 and the final close-out of futures on the latter date at the new ceiling prices.

In general, the showing is that, whereas Regulation 1894, adopted in accordance with the request and recommendation of the three-agency grain policy statement of May 8, relieved all clearing member firms of financial responsibility for ceiling price increases of May 13, to the extent of more than $9,501,000, approximately $8,010,000 was either reassumed in full or was reassumed to the extent necessary under open trading.

Protection Against Further Price Increases

One further point to be noted, however, is that the premature closing out of futures on June 13 relieved all open short interests of all further financial responsibility for any price increases in the futures that might occur after the anticipated termination of ceiling price control on July 1. In viewing this action, however, it is to be kept in mind that under the abnormal conditions prevailing for fully a year, the Chicago Board of Trade had permitted, for varying periods of time for the different grains, futures trading in corn, wheat, rye and barley when grain for the satisfaction of futures either did not exist at all, or could not be made available for the satisfaction of futures. The effect was the same as permitting future trading in grain that did not exist at all.

A somewhat similar situation had developed in the cash market where forward commitments for grain had been made under similar circumstances as to non-availability of grain. The making of such forward cash commitments had been encouraged to some extent by the continued trading in futures which fostered a false sense of security by permitting the placing of hedges, the insurance of value of which was largely nullified by orders prematurely closing out futures for specified months.

With speculative shorts and short hedgers frozen in their open positions by refusal of longs (including both hedgers and speculators on the long side of the market) to trade, the question of where the equities lay, as between longs and shorts, for financial responsibility both under ceiling price increases and possible price

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increases after July 1, 1946, was faced by the Chicago Board of Trade. It was resolved by the series of seemingly vacillating actions ending with the premature closing out of futures on June 13. Except for losses taken on liquidating trades at old ceilings from May 13 to May 31, and on May wheat closed out on March 26, the burden of the ceiling price increases up to June 13 was borne by shorts.

The action of June 13, however, relieved shorts from any further financial loss due to price increases after July 1, and correspondingly injured longs. Long hedgers especially were injured by having the fancied insurance protection of their long hedges rendered null and void after June 13. The extent of this potential injury to longs obviously would depend on the movement of cash and futures prices after June 30.

Price History After June 30, 1946

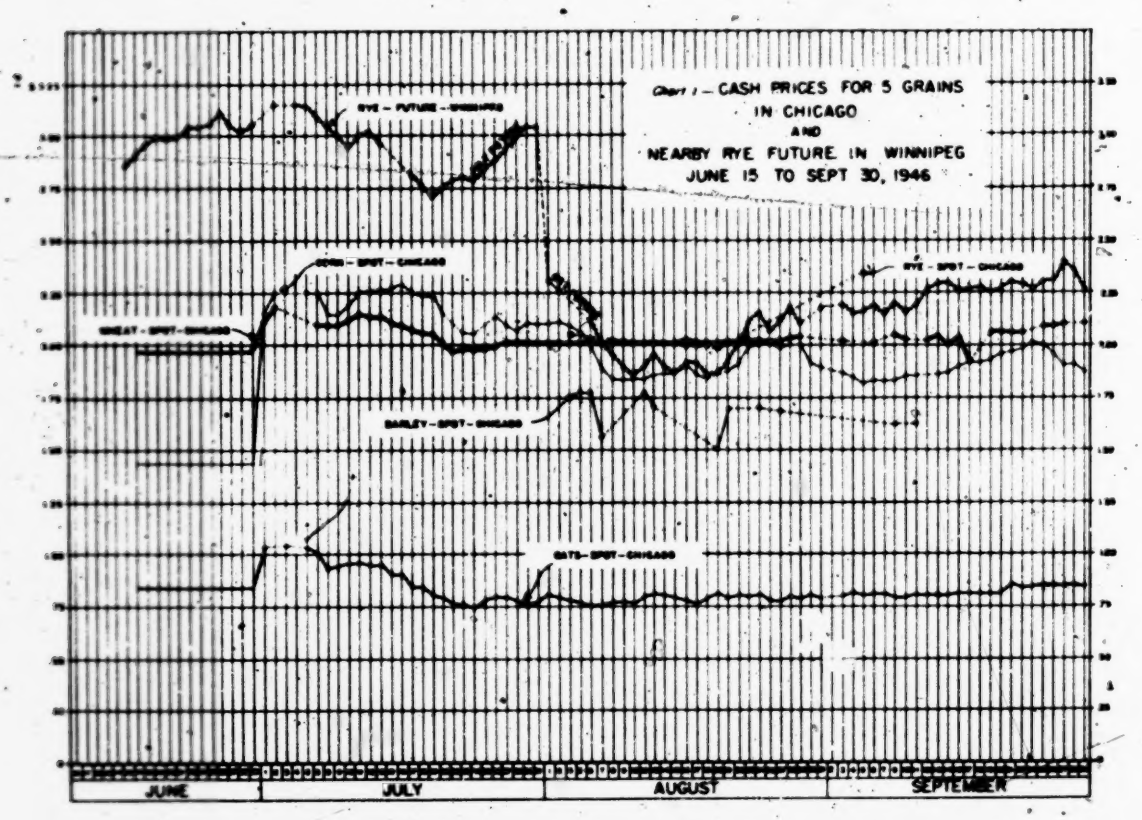
The reasons alleged in Regulation 1899 (ordering the closing out of specified old and some new futures outstanding as of June 13 at closing prices on that day) was that continued Government purchasing for relief would so deplete supplies for domestic trade as to render impossible the continuance on the Exchange of a free, open, and orderly market; prevent the performance and fulfillment of futures contracts in wheat, corn, rye and barley by delivery of grain; and enable purchasers of futures in such grains, in event of price increases, to require liquidation at exorbitant and extortionate prices.

Since Regulation 1899 protected open short interests then frozen in the market at the prevailing ceiling, it becomes pertinent to examine the extent of cash price increases in these grains after July 1. The general trend of cash prices for wheat, corn, rye and barley from July 1 through September 30, covering the period during which July, August and September futures in these grains would have matured had trading been continued, is shown in Table 9 and Chart I.

TABLE 9. DAILY CASH GRAIN PRICES AT CHICAGO, AND DAILY PRICES OF RYE FUTURES IN WINNIPEG FROM JULY 1 THROUGH SEPTEMBER 30, 1946
(Source, Chicago Journal of Commerce)

Day	WHEAT (Spot, Chicago)			CORN (Spot, Chicago)			OATS (Spot, Chicago)			RYE July		RYE August		RYE September		BARLEY		
	July	Aug.	Sept.	July	Aug.	Sept.	July	Aug.	Sept.	Chicago (Spot)	Winnipeg 2/ (July Future)	Chicago (Spot)	Winnipeg 2/ (Oct. Future)	Chicago (Spot)	Winnipeg 2/ (Oct. Future)	July	Aug.	Sept.
1	$2.15 1/2	$2.02		$2.15	$2.10 3/4		$1.04	$ .81 5/8										
2	2.18	2.1[illegible]		2.25 2/	2.11¢			.79¢			$3.15		2.31¢					
3		2.01 3/4	$2.[illegible]		2.09¢	$1.87 3/4	1.05	.78¢	$ .82 1/8				2.26¢				$1.78	
4					1.84¢				.84		3.15	$2.06			$2.19 3/4			
5		2.01 3/4		2.25	2.07	1.83¢	1.03	.77 5/8	.82 3/4		3.15			$2.35	2.17 3/4			
6	2.10 2/	2.01	2.02	2.25	2.00	1.81¢	1.00	.75¢	.82 3/4	No	3.10		2.11¢		2.16¢		1.78	
7		2.01¢			1.89	1.84¢		.78 3/8	.82¢				2.01¢		2.17 5/8	No	1.78	
8	2.10	2.01¢		2.14	1.84 3/8		.93	.77 3/8		Sales	3.05		1.96 5/8		2.19 3/8		1.57	
9	2.09¢	2.03	2.04 3/4	2.15¢	1.83	1.84	.96¢	.78¢	.79 3/4		3.00		1.90¢		2.16 5/8	Sales		$1.63
10	2.13¢	2.02 2/	2.03¢	2.19	1.83¢	1.86¢	.97¢	.77 3/4	.79 7/8	Re-	2.96		1.84¢		2.21¢	Re-		
11	2.15			2.25		1.86	.97		.81¢		10				2.18¢			1.63
12	2.14	2.02¢	2.03¢		1.84¢		.96¢	.8[illegible]	.81	cord-	3.01		1.91¢		2.20¢	cord-	1.78	
13	2.14	2.02¢	2.04¢	2.26	1.85¢	1.86	.96¢	.81	.81¢	ed	2.96		1.97¢		2.27¢	ed	1.72	
14		2.01 3/4	2.00		1.87	1.88		.9[illegible] 3/4	.81 3/8				1.69		2.29			
	2.11¢	2.[illegible]		2.26¢	1.87		.92	.79					1.85					
16	2.[illegible] 3/4	2.03	2.04 3/4	2.28	1.92 3/4	1.89¢	.9[illegible]	.78 3/4	.82¢			2.00	1.89 3/4		2.28 3/4			
17	2.17¢	2.0[illegible]	1.92 2/	2.2[illegible]	1.86	1.92¢	.85	.77¢	.82 [illegible]		2.81		1.89¢		2.28 3/8			
18	2.16			2.23		1.92	.86		.82¢		2.78				2.27			
19	2.[illegible]	2.02	2.05	2.23	1.84¢	1.93	.8[illegible]	.79 7/8	.82 3/8		2.71		1.86 7/8		2.25			
20	2.[illegible]	1[illegible] 2/	2.06	2.16		1.95	.79	.80 3/8	.82 5/8		2.75	1.98	1.89 3/4		2.28 3/4		1.51	
21		2.02¢	2.[illegible]		1.88	1.97¢		.79¢	.86				1.93 3/4		2.30		1.72	
22	1.97 1/2	2.[illegible] 2/	2.[illegible]		.92¢		.76	.81			2.80		2.03 3/4					
23	.98¢	2.05 2/	2.[illegible]	2.16¢	.99¢	.99¢	.76 3/4	.80	.84 3/8		2.81 3/4		2.1[illegible]		2.29¢			
24	1.98¢	.[illegible]6		.[illegible]6	2.[illegible]0	2.01	.75 3/4	.80 3/8	.85 3/4		2.79		2.15		2.27¢		1.72	
25	1.98	2.[illegible]6			2.[illegible]0	2.[illegible]0	.78		.86 1/8		2.84		2.07 3/4		2.30¢			
26	1.99¢	2.03¢	2.[illegible]	2.[illegible]	2.01	1.96 1/	.80 3/4	.78 7/8	.86 5/8		2.89				2.36 3/8			
27	2.01	2.03¢	2.[illegible]0	2.14¢	1.99¢	1.92¢	.80¢	.78¢	.86 1/8		2.94		2.12¢		2.40		1.70	
28		2.04¢			2.00	1.92		.80¢	.86 1/8				2.18		2.37 3/8			
29	2.[illegible]0	2.04		.[illegible]2¢	2.[illegible]0		.78 3/4	.79 3/4			2.99		2.12 3/4					
30	2.[illegible]		2.[illegible]0	2.11¢	1.92¢	1.87¢	.76	.81 1/8	.85 3/4		3.04		[illegible]		2.27 5/8			
31	2.1[illegible]			2.11¢	1.9[illegible]		.77 7/8	.79 7/8			3.04		2.19 3/4					
Simple Average	$2.060	$2.025	$2.049	$2.183	$1.941	$1.906	$ .890	$ .792	$ .832		$2.943	$2.01	$2.023	$2.35	$2.257		$1.704	$1.63

1/ Exclusive sale of white corn; including such sales, quotation would be $2.16¢.
2/ These quotations from New York Journal of Commerce.



Estimated Protection to Shorts on Old Contracts Closed Out June 13

Based on the average of spot price quotations in Chicago for the months of July, August, and September, insofar as such quotations are available, Table 10 persents an estimate of the probable increase in value of quantities of wheat, corn, rye, and barley contracts for those months that were closed out on June 13.

TABLE 10. PROBABLE INCREASE IN VALUE OF JULY, AUGUST AND SEPTEMBER WHEAT, CORN, RYE AND BARLEY CONTRACTS CLOSED OUT ON JUNE 13 HAD TRADING BEEN CONTINUED TO THE TERMINAL MONTHS

	Bushels Closed Out June 13	Ceiling June 13	Cash Price in Terminal Month		Increase in the Value of Futures	Average Per Bushel Closed Out
			Average Price	Increase on June 13		
Wheat:						
July	5,074,000		$2.068	$ .080	$ 406,920	
August	44,000	$1.985	2.023	.038	1,672	
September	5,774,000		$2.049	$ .064	369,536	
Total	10,892,000				$ 777,128	$ .071
Corn:						
July	3,558,000	$1.465	$2.183	$ .718	$2,554,644	
September	3,718,000		$1.905	$ .440	1,635,920	
Total	7,276,000				$4,190,564	$ .576
Rye:						
July	2,679,000	$1.565	$2.01	$ .425	$1,138,575	
September	1,739,000		$2.35	$ .765	1,330,336	
Total	4,418,000				$2,468,910	$ .559
Barley:						
July	210,000	$1.350	$1.704	$ .454	$ 73,290	
September	216,000		$1.63	$ .275	59,400	
Total	426,000				$ 132,690	$ .311
Total, All Grains	23,012,000				$7,569,292	$ .329

Wheat

With the expiration of price controls on July 1, 1946, the cash price of contract or better grade of wheat moved sharply up as shown in Chart I from the level of $1.97 per bushel prevailing under government controls to $2.18 on July 2, and reached its maximum of $2.15 on July 11. Thereafter its price sagged to only slightly above the June ceiling during latter part of the month, and finally leveled off at about $2.02 for most of August. During September, prices were scattered and fluctuating with an upward trend to $2.10 1/2 on September 27, and $2.11 on September 30.

There was no trading whatever in wheat futures on the Chicago Exchange until August 26, when trading was opened on January, March, and May 1947 futures only. These three futures closed on dates approximately 5 days apart from August 26 to September 30 at the following prices:

Date	January	March	May
August 26	$1.97	$1.94	$1.92
August 31	1.96½	1.92½	1.90
September 6	1.95½	1.91½	1.89½
September 10	1.95 3/4	1.89 3/4	1.87
September 14	1.97	1.88 3/4	1.85
September 20	1.97 3/4	1.92½	1.88
September 25	2.02 3/8	1.97	1.93
September 30	2.01	1.96 3/8	1.92½

[fol. 621]

Since there was no trading in July, August or September wheat, it is impossible to know whether trading in these futures would have influenced the cash price. The general indication, however, would seem to be that with a bumper crop of wheat ready for market, the trade discounted the future, and the exorbitant prices feared by frightened shorts and expressed by the Chicago Board of Trade in Regulation 1899 failed to develop in cash trading, and might not have developed had there been trading in futures for these two months.

Nevertheless, the saving to shorts by closing out July, August and September contracts on June 13, was appreciable. Assuming that shorts would have lost at least the difference between the price at which their positions were closed out on June 13 and the average of published spot prices for contract grade wheat in each of the terminal months, the saving to shorts (and the loss to longs) through the June 13 close-out of 10,892,000 bushels of July, August and September wheat contracts would probably have been of the order of $777,128 as shown in Table 10. This would represent a saving to shorts and corresponding loss of potential profit to longs of 7.1 cents per bushel.

Corn

For corn, the showing is quite different from that for wheat. Here, the spot price for contract grade rose more sharply from $1.44 (nominal) on June 30 to $2.15 on July 1, and to its maximum of $2.28 on July 16, and averaged $2.183 per bushel for the month. Thereafter cash corn sagged in price and averaged $1.905 for September.

As shown in Table 10, the probable saving to shorts (and loss to longs) from prematurely closing out 7,276,000 bushels of July and September corn futures contracts would have been of the order of $4,190,564. This amount would represent an average saving to shorts of 57.6 cents per bushel of contracts closed out.

For corn, the supply was very short, with no appreciable quantity of new crop available for some time after September 30. High prices brought out corn previously not visible in July and August. Under these circumstances, continued trading would have occasioned shorts very heavy losses. On the other hand, closing out the futures prematurely caused correspondingly heavy potential losses to longs. Protection of shorts wholly nullified the insurance value of all long hedges. The losses that some long hedgers were obliged to take under their firm forward cash commitments were large. In some instances special arrangements were made between grain merchants who were so hedged and their cash customers whereby the increase in price was divided between them on some agreed upon basis.

In addition, the fact that no adequate hedging protection was available to grain merchants caused them to be reluctant to buy and stock corn on any basis. Buying and selling cash corn became buying only against firm orders in hand. One grain merchant interviewed, who had been able to make an adjustment of the type described above with a large cash customer, stated in August that without adequate hedging protection, he was buying corn only to fill commitments and was bidding in the country on a basis to yield him merchandising margins much larger than usual, even on corn for which he had firm orders. He stated that he would buy no cash corn for storage on his own account except on such a basis as he considered might yield him 15 to 20 cents per bushel whereas, with hedging protection, he would be willing to handle grain on a margin of 3 to 6 cents per bushel. This meant that, in general, he was offering the farmer from 14 to 17 cents per bushel less than he might otherwise have done.

Similar procedure was stated to be true to only a less extent for other grains for which many country elevators either likewise bid low prices, or accepted the farmer's grain for storage subject to pricing when sold. Thus, without hedging protection, grain merchants widened their margins at the expense of the farmer in order to cover their uninsured risk as merchants, or shifted the risk of possible price recession entirely to the farmer until such time as his grain was actually sold in the uncertain and fluctuating market.

Rye

July and September rye contracts represented the third largest quantity of contracts prematurely liquidated on June 13. There was no trading in any rye future in Chicago after June 13. Here, the supply was abnormally short and little cash rye went through public cash market channels in Chicago during the months of July, August and September. There were, in fact, no cash market quotations in July, only 3 in August, and 1 in September. The average for the 3 August quotations was $2.01 per bushel, and the single quotation for September was $2.35.

Assuming that the July rye future could not have been closed out at less than the average of $2.01 for the 3 quotations in August and that September contracts were closed out at $2.35, an extremely conservative estimate of the gain to shorts (and loss to longs) resulting from premature closing of July and September rye contracts would have been of the order of $2,468,[illegible], or an average of 55.9 cents per bushel on the 4,418,000 bushels closed out. This estimate is based on an assumed increase of 42 1/2 cents per bushel for the July future and 76 1/2 cents per bushel for the September future as shown in Table 10.

Another estimate of the possible protection to shorts might be based on the price of rye futures in Winnipeg, where it is understood there was no price control over the future. It also appears that the price of Winnipeg futures contemplates delivery at Fort William or Port Arthur from which points Lake - rail rates for shipment to eastern points do not vary greatly from those on shipments from Chicago. Therefore, the Winnipeg price would appear to represent fairly well the world price for rye either at Canadian shipping points or at Chicago.

As shown in Table 8 the average price of the July future in Winnipeg during July was $2.943 per bushel, while the average for the October future, which most nearly corresponds to Chicago's September contract, was $2.023 for the month of August and $2.257 for September. With the exchange rate for free Canadian dollars at 96, which prevailed during much of July and throughout August and September, these Canadian prices would be equivalent roughly to $2.825 per bushel for July, and $2.167 for September. Based on these equivalents in U. S. dollars, the possible savings to shorts would be of that order of $4,334,058 computed as follows:

Future	Bushels	Ceiling June 13 (per bu.)	Canadian Price at Par (per bu.)	Increase in Value (per bu.)	Amount
July	2,679,000	$1.585	$2.825	$1.240	$3,321,960
September	1,739,000	1.605	2.167	.562	1,012,098
Total	4,418,000				$4,334,058

On this basis, the average saving to shorts, and loss of potential profit to longs, resulting from the June 13 close-out was of the order of $.981 per bushel as compared with $.559 based on the few cash sales made in Chicago. The actual financial effect possibly lies somewhere between these two extremes. On either basis the saving to shorts, and the loss of potential profit to longs, was large.

[fol. 623]

Barley

Barley is relatively unimportant in volume of futures trading. Only 426,000 bushels of July and September contracts were closed out on June 13.

Two series of cash quotations for the Chicago market are, respectively, for feed and malting barley of No. 2 or better grade. There were no official quotations for either during July, 10 for both in August, and only two, both for feed barley, in September. All other prices quoted were "nominal." Since the prices for the two qualities did not differ greatly they have been combined into one series and averaged in Table 9.

If it is assumed that the July futures could not have been closed out at less than the average of $1.704 per bushel for official cash sales in August, and that September futures might have been closed out at the officially quoted cash price of $1.63 in September, the saving to shorts (and loss to longs) on 426,000 bushels of barley contracts closed out prematurely on June 13 would be of the order of $132,690, as shown in Table 10. This would amount, on the average, to about 31 cents per bushel.

Total July, August and September Contracts

A total of 23,012,000 bushels of July, August and September wheat, corn, rye and barley futures were closed out prematurely on June 13. Recognizing that it is impossible to estimate with accuracy the benefits to shorts, and loss to longs, through these close-outs, a conservative estimate based on the record of official cash prices for these grains in Chicago, would be, as shown in Table 10, that the total involved would have been of the order of $7,569,292. This total does not take into consideration any futures for months subsequent to September 1946, for which no cash price history is yet available.

If however, the benefit to shorts is computed for rye on the basis of Winnipeg futures, the total would be of the order of $9,434,440.

Using the more conservative total of $7,569,292, and adding this amount to the total saving to shorts of $2,914,330 arising out of premature closing out and liquidation of futures at old ceilings prior to May 31 as shown in Table 5, yields a total estimated protection to shorts arising out of actions of the Board of Trade of the order of $10,483,622.

If, however, the estimate for rye based on Winnipeg futures is used, the total estimated protection to shorts becomes of the order of $12,348,330.

Over against these estimated total savings to shorts it is to be noted that by settling defaulted May futures at ceiling, and by trading out and finally settling old futures (other than oats) at ceilings through June 13, shorts assumed actual financial responsibility for ceiling price increases to the extent of $6,815,450. (See Table 5.) Taking this assumption of responsibility into consideration, the statement of net benefit to shorts, including estimates for price increases after July 1 on July, August and September contracts settled on June 13, may be stated as follows:

Estimated saving to shorts after June 13 close-out	$ 7,569,292	$ 9,434,440
Actual saving to shorts from closing out May wheat on March 26 and liquidating trades in other futures at old ceilings, May 13 - 31	2,914,330	2,914,330
Total saving to shorts	$10,483,622	$12,348,770
Less financial responsibility assumed in May defaults, open trading, and premature close-outs at new ceilings through June 13	6,815,450	6,815,450
Net saving to shorts	$ 3,668,172	$ 5,533,320

On whatever basis the estimate of savings to longs on price increases after July 1 is based, it seems obvious that net savings to shorts were larger by some 3 1/2 to 5 1/2 million dollars than were the actual financial responsibilities assumed by them. In other words, the actions of the Board of Trade, while burdening shorts with a considerable portion of the total loss arising out of ceiling price increases, actually benefitted them in protection against price increases after July 1 to a far greater extent than they previously had been burdened.

SECTION 4. RESUME OF GENERAL ECONOMIC EFFECTS

Effects on Hedgers

The effect on hedgers of closing out old futures at the old ceiling prices from March 26 through May 31 depended on whether their hedges were long or short. Grain merchants and processors who had bought futures against forward commitments for cash grain or processed products which they did not yet own found the value of their long hedges destroyed altogether by the actions of the Board of Trade on March 26, May 12 and June 13. These actions nullified the expected price protection of their hedges leaving them still obligated to buy grain at increased prices to meet their commitments in cash grain and grain products. The actions of May 31 settling defaulted May futures and reopening trading in other outstanding old futures restored the insurance value of May futures to the extent of the increase in ceiling price, but only to those who had refused to liquidate at the old ceiling in accordance with Regulation 1894. It did not restore the insurance value of any long hedges in May wheat prematurely closed out on March 26, nor any other long hedges in May or later contracts for other grains that were closed out by liquidating trading at the old ceiling during the period May 13 to June 31. Long hedgers who were in these last positions had real basis to feel that they had been discriminated against by the wavering action of the Board of Trade on May 12 and May 31.

On the other hand, merchants and processors who had sold futures against actual holdings of grain or grain products on hand (short hedges) were relieved of loss on their open short positions. Many such hedgers, having disposed of the cash products hedged, were unable to lift their hedges due to the narrowness and one-sidedness of the market and were, therefore, forced into an open speculative position with no grain under their control and with little possibility of obtaining any for the satisfaction of their open short position. They, along with purely speculative shorts, stood to benefit from the Board's May 12 action, and to be injured to the full extent of the ceiling price increases by the Board's May 31 actions closing out defaulted May futures and reopening trading on all other old futures at the new ceiling. They were again benefited by the Board's May 13 order closing out specified futures at the new ceiling as this action freed them of liability for any price increases that might occur after July 1.

Two cases filed against the Board of Trade, one alleging injury to a long hedger and the other alleging injury to short hedgers, are outlined as exemplifying the effects on long and short hedgers, respectively.

Cargill Inc. v. Board of Trade of the City of Chicago

Immediately after the Board's May 12 action, Cargill Inc. filed suit, alleging financial injury to the amount of slightly more than $1,000,000 on an open long position, alleged to represent long hedges. Cargill further alleged price fixing contrary to the Sherman Act, and sued for triple damages.42/ This suit was rendered pointless, so far as the ceiling price increase was concerned, by the action of May 31 closing out defaulted May futures at the new ceiling for the reason that long hedgers who had refused to liquidate at the old ceiling then got the full benefit of the ceiling price increase. There still remained, however, the question as to whether subsequent increase in cash grain prices might still leave Cargill Inc. in position to claim further injury due to premature closing out of July and later futures on June 13, which action protected shorts against price increases after July 1 and correspondingly injured longs.

Daniel et al. v. Board of Trade of the City of Chicago

Whereas the Cargill suit was based on injury to the long hedgers by the Board's action of May 12, the second suit, filed jointly by Floyd Daniel, an individual; Universal Mills, a corporation of Fort Worth, Texas; Union National Mills, a corporation of Springfield, Ohio, and R. L. Harrison & Son, a partnership of Bagdad, Kentucky, alleged injury by the action of May 31 closing out May defaults and reopening trading in other contracts at new ceiling prices. The gist of the complaint was that as a result of conditions prevailing in the trade and earlier actions of the Chicago Board of Trade, the plaintiffs were unable to lift hedges and were thereby forced into open short positions on May 31, and were thereupon "wrongfully penalized" by Regulation 1897 with respect to May futures, and by Regulation 1899 with respect to later-month wheat, corn and oats futures. The complaint also alleged that on June 4, 1946, the Clearing Corporation advised clearing members that since Regulations 1897 and 1898 were being challenged in the courts: "Therefore, it is understood that all amounts now and hereafter paid to you under the terms of these regulations, or either of them, shall be returned to us should either or both regulations ultimately be held invalid by the courts" and that, pursuant to this, all members of the Clearing Corporation were holding such controverted monies and funds in trust for the Clearing Corporation, thus tying up funds of the plaintiffs. Damages to the amount of $124,750 were alleged and the plaintiffs prayed that the Court: Determine the rights and liabilities of all parties; take custody of funds held in trust by members of the Clearing Corporation, administer such funds, and disburse them by receiver to persons found by the Court to be entitled to them; that the plaintiffs have judgment for their damages and recovery of costs and attorneys' fees, and that the Court make such other orders as it deemed proper 43/

Belz v. Board of Trade of the City of Chicago

A third case arising out of premature settlement of contracts on June 13, in accordance with Regulation 1899, was that of Raymond A. Belz, an elevator operator of Conrad, Iowa. This case was somewhat similar to the Cargill Case, but was filed later and alleged injury by the June 13 close-out. Belz alleged that on or about September 11, 1945, he became obligated to deliver 75,000 bushels of cash corn at $1.13 per bushel to be delivered at the rate of 1,500 bushels weekly beginning in September 1945. It was further alleged that a long hedge of 75,000 bushels of corn futures (maturity dates not specified) was purchased against this sale at a

42 Cargill Inc. v. Board of Trade of the City of Chicago, Civil No. 48 C 935, U. S. Dist. Ct. Northern Dist. for Illinois, Eastern Division.

43 Floyd Daniel, Universal Mills, Union National Mill and R. L. Harrison & Son v. Board of Trade of the City of Chicago, et al., Civil 48 C 1900 in Dist. Ct. of the U. S., Northern Dist. of Ill., Eastern Division.

price of $1.18 1/2 per bushel, which contracts Regulation 1899 ordered settled on June 13, 1946, at $1.46 1/2, or 28 cents per bushel over the purchase price. It appears, further, that Belz had been unable to purchase corn to fill his cash contract, as it was alleged that he was still obligated to deliver at the contract price of $1.13 and that the buyer threatened action to force delivery by suing for 50 to 75 cents damages. The plaintiff alleged that he could not buy corn, that Regulation 1899 was invalid, and that he was entitled to specific performance on the futures contract.[44]

Effects on Spreaders

Reference was made in the Daniel complaint to the fact that the validity of Regulation 1897 (settling defaulted May futures in corn, oats and barley at the May 13 ceiling) and Regulation 1898 (reopening trading in July and later month old futures) was being contested in the courts. This reference apparently is to a case filed by Robert W. Buckley, a member of the Chicago Board of Trade, involving the effect of the Board's actions on spreaders.

Buckley v. Board of Trade of the City of Chicago

This case was brought under the Commodity Exchange Act. The complaint alleged that at the time Regulation 1893 (closing out May 1946 wheat contracts on March 26, 1946) was adopted, Buckley was long of May wheat and short July, September or December as a spread against May. The May wheat was closed out on March 26, at $1.83 1/2. This forced Buckley into a speculative short position in later months instead of a spread position. The complaint alleged further that subsequently, because of suit (Cargill case) having been brought against the Board of Trade for having issued Regulation 1894 (close-out order as of May 12) the Board, on May 31, issued Regulations 1897 and 1898, reversing its position of May 12 with the result that plaintiff was required to margin his short speculative position in July and September futures, whereas he originally was in a spread position. This, the plaintiff alleged, was contrary to normal procedure and contrary to contracts originally entered into, and that thereby the plaintiff might be deprived of property contrary to law. The plaintiff, therefore, prayed the court that the Board and its officers and directors be enjoined from doing anything further to carry out Regulations 1897 and 1898 which, respectively, settled defaulted May contracts at the new ceilings and reopened trading in other old contracts at the new ceiling prices; that Regulations 1897 and 1898 be declared illegal and invalid and enjoined; that defendants be enjoined from confiscating plaintiff's property and that plaintiff have such other relief as the court deemed proper.[45]

Buckley's attempt to obtain an injunction against the opening of the Board of Trade for the resumption of trading on June 3 was promptly denied by the Court so that opening was delayed for only about two hours. The Buckley Case, however, exemplifies the effect of the Board's actions on spreaders who were long nearby-month contracts and short distant months. Had his spread position been short in the nearby-months and long in distant ones the effect on his interest would have been reversed. He then would have had his frozen short position closed out at the prevailing ceiling price with possibility of benefit on his distant long position in case of increase in price. He, however, would have been forced into a speculative position on his long position in distant months with consequent necessity of margining his open trades, whereas, on spreading transactions in grains other than 1946 rye, no initial margin was required.[46]

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[44] Raymond A. Belz v. Board of Trade of the City of Chicago Clearing Corp. Equity 48 C 1229, U. S. Dist. Ct. for the Northern Dist. of Ill., Eastern Division.

[45] Robert W. Buckley v. Board of Trade of the City of Chicago, Board of Trade Clearing Corp. et al., Civil 48 C 1369 in the U. S. Dist. Ct. for the Northern Dist. of Ill., Eastern Division.

[46] Regulation 1922-A.

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Effects on Speculators

Due to the fact that prices of grains other than oats were, in the language of the trade, "frozen against ceilings" for months prior to May 1946, there was little to speculate on, so long as ceiling prices remained unchanged, except a possible falling away from ceiling. In addition, the policy of the Chicago Board of Trade adopted as early as July 1945, of settling defaulted maturing contracts at ceiling, representing no penalty to shorts who had sold futures at ceiling, lulled professional speculators into a feeling of confidence that they need give little or no consideration to whether they could obtain grain for delivery on their open short positions in which they were very largely frozen by the thinness and onesidedness of the market. The maximum risk that they were taking would be settlement of defaults at ceiling. Viewing this situation in retrospect, the question may be raised as to whether the Board of Trade management actually fostered and permitted the continuance of what amounted to reckless and unbusinesslike dealing which its Rule 146 declares to be "inconsistent with just and equitable principles of trade." At any rate the speculative interest, both large and small, came to be predominantly on the short side of the market with confidence that it was not incurring risk. Defaults were in fact invited.

Over against this, the long side of the market came to be predominantly hedgers buying futures against forward cash commitments for grain and grain products, and relatively few long speculators, of whom some were, contrary to normal conditions, willing to take delivery. All this not only created a thin, onesided market, but one in which offerings of speculative sellers, predominantly at ceiling in order to be in position to benefit from any sagging of prices, tended to make futures prices adhere strongly to ceilings. With longs hungry for grain, or protection, or profit in cash settlements of defaults, and refusing to sell, short positions once established, were practically frozen.

All this occurred long before War Food Order No. 144 made it impossible for those short of wheat to accumulate and hold stocks of grain for the satisfaction of futures, and long before the Government's premium paid for corn likewise swept the market clean of available supplies of that grain. These factors merely accentuated the situation.

The price increase of May 13 placed the full burden of the increase on the frozen-in short speculators. It also operated to the benefit of speculative longs who merely joined long hedgers in refusing to sell.

Briefly, then, the actions of the Chicago Board of Trade, as shown in detail in preceding sections, affected the interest of the predominantly short speculative interests as follows:

1. The action of May 12, taken in accordance with the request and recommendation contained in the three-agency statement of government policy respecting grain of May 8, protected the predominantly short speculative interests against any part of the ceiling price increase of May 13.

2. The actions of May 31 settling defaulted May contracts and reopening trading in other old contracts at the new ceiling assessed the full burden of ceiling price increases on defaulting shorts and imposed the same responsibility on shorts with respect to other old contracts to the extent that might be necessary to liquidate their positions in open trading. Prices promptly moved to the new ceilings so that practically all shorts were required to assume the full burden.

3. The action of June 13 closing out specified futures at the new ceiling assessed the full ceiling advance on short speculators, but, at the same time freed them of any financial responsibility for price increases that occurred after the expiration of price controls on July 1.

Effects on Clearing Members

If the Clearing Corporation was to remain solvent in being substituted as seller to the buyer, and as buyer to the seller, in clearing future delivery contracts as provided in the Board's Rule 314, it became necessary for the various members of the Clearing Corporation, through whom all customer trades must be cleared, to assume the initial responsibility of providing funds to the clearing house. The rule is that the Clearing Corporation shall have all of the rights and be subject to all of the liabilities of the original parties to contracts cleared. It must, however, look to its clearing members for its funds, and they in turn must look to their customers for funds for the settlement of all trades cleared.

This responsibility was large on all short accounts which automatically became undermargined as the result of the May 13 ceiling price increase, and which would have become still further undermargined under the open market price increases that would have occurred had trading in futures been continued after price controls expired on July 1. Many short speculators, especially of the smaller, less professional group, some of whose buying orders had remained unexecuted for months, neither were inclined, nor, in some instances, were they financially able, to bear the additional financial burdens. This would make it difficult and, in some instances, probably impossible for the Clearing Corporation and its clearing members to collect the funds necessary to maintain its solvency.

Having permitted a bad situation to develop in extremely aggravated form by continuing "business as usual" under such abnormal conditions that "usual" methods of operation were inapplicable, the Board of Directors of the Chicago Board of Trade, a majority of whose members were drawn from the personnel of large clearing member firms, sought too late a solution of the equities of the situation by closing trading and liquidating outstanding contracts under frozen market conditions.

While the various actions taken in part protected, and in part penalized those frozen in short positions, and likewise divided the responsibility of clearing members, the actions, taken did not protect the interests of the 12 large clearing members with personnel serving on the Board of Directors, and their short customers, any more than they protected the interests of other clearing members and their short customers. Neither did those actions adversely affect the long interests of the 12 clearing members and their customers any more adversely than the long interests of all other clearing members were affected. Both longs and shorts had been trading in something that, in effect, did not exist. The general situation as to supply had actually practically severed the always tenuous connection between the cash and the futures market long before any measures were taken to remedy the situation. Viewing the matter in retrospect officers and members of the Board of Directors admit that the difficulties of May and June 1946, could have been forestalled by stopping trading in futures for each grain as soon as it became evident that supplies of grain for delivery on futures would not be available. It is also probable that had not the precedent been set for settlement of defaults without penalties, nearly a year before, few speculators would have taken the risk of selling short in the face of vanishing supply and pressure to increase ceiling prices.

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CHAPTER III KANSAS CITY BOARD OF TRADE ACTIONS

SECTION 1. BASIC ORGANIZATION AND AUTHORITY

Organization

The Constitution and Rules of the Board of Trade of Kansas City set out in one document both the basic organization and the operating rules of the Board of Trade. According to this document, the Board of Trade is a voluntary association created by mutual agreement and contract among its members. The preamble to the Constitution and Rules, which constitutes the agreement of the members, reads as follows:

> "The persons whose names are hereto subscribed and those who hereafter may be admitted to the privileges resulting from this contract do hereby agree and contract, each with the other, and among themselves, to be bound by and to keep and observed the following Constitution and Rules, as well as such amendments and supplements thereto as may be hereafter adopted in accordance with the provisions hereof, as well as all rules, regulations, orders, and resolutions prescribed, made, or adopted as herein provided and authorized.

The objects of the Association as stated by the Constitution and Rules are:

> "To maintain a Board of Trade; to promote uniformity in the customs and usages of merchants; to inculcate principles of justice and equity in business; to facilitate the speedy adjustment of business disputes; to inspire confidence in the business methods and integrity of the parties hereto; and generally to secure to its members the benefits of cooperation in the furtherance of their legitimate pursuits, and to promote the general welfare of Kansas City."

The actions of the Board of Directors which are taken from time on specific matters such as the regulations which have been issued during the past year to govern futures trading, settlements, etc., are communicated to the members of the Board of Trade through Circulars of the Secretary's Office. Apparently the only forms in which these regulations, many of which are naturally of transitory effect and interest, are preserved are in the minutes and in a master file of the Circulars maintained by the Secretary of the Board of Trade. They are not reported in the annual report of the Board of Trade which includes only statistical matter and lists of members.

Emergency War Powers

In addition to the duties and powers conferred on the Board of Directors to administer the Board of Trade in accordance with the Constitution and Rules and set up such regulations as may be necessary to this end, special War Powers are given under Rule No. 38 (latest Amendment No. 12) which reads as follows:

> "38. WAR POWERS. - The Board of Directors, during the continuance of any war to which the United States shall be a party, shall have the power from time to time thereafter to prohibit, until further action of the Board and notice thereof, trading for present or future delivery in any or all of the commodities traded in on its Exchange, or such trading for delivery in any particular month, including trading in settlement of any then existing future contracts.

Whenever such trading for future delivery shall have been so prohibited, the Board of Directors shall appoint a committee of three from the membership at large, which committee shall fix, as of the day immediately preceding the first day on which such future trading shall have been prohibited, a fair and reasonable price at which existing contracts shall be settled; and the price so established shall, without the payment of any penalty, be the basis on which such settlements of such contracts for future delivery shall be made.

Subject to the provisions of the Commodity Exchange Act, as amended, the Board of Directors, whenever the public welfare, or the best interest of the Association shall in its judgment seem so to require, shall have power to suspend, during the continuance of any war to which the United States shall be a party, the operation of any rule of the Exchange, and also to fix a maximum price for any commodity dealt in on its exchange, above which price no member shall thereafter and during the maintenance of said maximum price be permitted to make a trade in such commodity.

Any action of the Board of Directors under this Rule shall be binding on all members of the Association, from and after the hour when the same shall be posted on the bulletin board in the Exchange room.

Any member making a trade, or refusing to make a settlement, or doing any act in violation of this rule, shall be deemed to have been guilty of a grave offense involving the good name of this Association, and shall be liable to punishment as provided in Rule 152."

The above Rule 38 has been quoted in full because it is cited by the Board of Directors as the authority under which the Board has issued the various regulations which have appeared during the war to govern the trading in grains on the Kansas City Board of Trade. This rule apparently was adopted during World War I. The exact date of its adoption is not known, but it appears in substantially its present form as section 14 under V Duties and Powers of the Board of Directors in the Constitution, Rules and Regulations as revised August 1, 1920.

The first paragraph of the rules gives the Board of Directors wide power over trading on its floor during wartime and makes any action of the Directors taken under it binding upon all members of the association. The penalties provided in Rule 152, cited in the last paragraph as applicable in case of nonconformity to actions taken by the Board of Directors under Rule 38, are censure, fine, suspension, or expulsion at the discretion of the Board of Directors.

SECTION 2. ACTIONS AFFECTING FUTURES TRADING SINCE MAY 1945.

General Market Conditions

The steadily tightening situation as to government price regulation, dwindling visible supply of grain, and government purchase and control of free grain under War Food Order No. 144 affected Kansas City Board of Trade operations in much the same manner as Chicago. These effects have been touched upon in Chapter I and II and need no further treatment here.

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Futures Traded

Contracts for future delivery were traded on the Kansas City Board for wheat, corn and grain sorghums in 1945. Since grain sorghums are not traded on either the Chicago or Minneapolis exchanges they were not made the subject of study at Kansas City.

The following references to the actions of the Board are given in chronological order without respect to the grain involved. As a matter of fact, wheat was the only grain importantly affected by the actions of the Board of Trade during 1946 since no trades or open positions in corn futures were recorded after January 1, 1946.

September, 1945 Sorghum and Corn Trading Restricted to Liquidations

On August 11, 1945 (Circular No. 1776) all trading in September grain sorghums and corn futures was prohibited except for liquidation of existing contracts. The Board did not further specify the grounds for action, nor was there any apparent waiver of responsibility for settlement by the shorts.

May, 1946 Wheat Restricted to Liquidation

No further action with respect to control of grain futures trading was taken in Kansas City until February 18th, 1946 when, under Circular 1811, trading in May wheat was prohibited except for liquidation purposes. This action paralleled that taken by the Minneapolis and Chicago grain exchanges. The Board of Trade in this action cited War Food Order No. 141 with its restrictions on the sale and delivery of wheat as being the reason for issuance of the regulation but it did not invoke the authority given to it under Rule No. 38.

Ceiling Price Increase in March

On March 4, 1946, the Board of Directors issued Circular No. 1820 which, under Rule 38, fixed maximum prices on grains effective on that date as follows:

Wheat	$1.73 5/8 per bushel
Corn	1.18.1/4 per bushel
Grain sorghums	2.55 per 100 pounds

At the same time regulations issued February 27, 1945, May 31, 1945 and June 26, 1945 fixing maximum prices for grains were rescinded. Reference was made in the regulation to the fact that the Office of Price Administration had issued revised price regulations fixing maximum prices for those grains but the wording of the regulation implies that the maximum prices to govern trading are the responsibility of the Board.

Premature Close-out of May Wheat

Trading in May 1946 wheat (previously limited to trading for liquidation under Circular 1811) was prohibited altogether by Circular No. 1829, adopted March 28, 1946, which required that all outstanding May wheat contracts be closed out as of that day. A Committee appointed at the same time under the provisions of Rule 38 to fix a price for the settlement of the existing May wheat contracts reported that the fair and reasonable settlement price should be $1.73 5/8 per bushel, the ceiling as of that date, and that the contracts should be settled without penalty. The report was incorporated in the regulation and settlement ordered in accordance with the findings of the Committee.

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The open interest in May wheat at the close of business March 27th stood at 2,850,000 bushels. The trading volume on March 28th was 2,696,000 bushels leaving only 154,000 bushels in default. This likewise was closed out at the prevailing ceiling of $1.73 5/8 per bushel. Netting out the long and short positions held by each of the clearing members as of March 27th shows a net long position of 2,413,000 bushels and a net short position of 2,443,000 bushels. The important long positions were held by Continental Grain Co. and Uhlmann Grain Co. with a total of 2,245,000 bushels out of the net long position of 2,413,000 bushels. Four other grain companies accounted for 1,678,000 bushels of the short position. It was apparently easy, therefore, to bring the situation into balance with a minimum amount of difficulty. The statistical record also appears to confirm the statement by the Secretary of the Board of Trade that - at least so far as the May wheat close-out was concerned - the members cooperated satisfactorily in adjusting their respective positions by negotiations bringing about settlements.

Trading was opened in an entirely new wheat contract for May 1947 on April 30, 1946 with 25,000 bushels. The open position, all in one firm, reached 90,000 bushels by May 3rd at which point it remained until closed out May 22nd.

Trading in other old wheat futures almost stopped following the close-out of May wheat on March 28th, but there was some reduction in the open interest by trading. The total open for July, September, and December 1946 and May 1947 futures fell from 4,900,000 bushels as of April 1st to 4,199,000 bushels at the market close May 11th. Of this amount, 2,603,000 was in July wheat, 980,000 in September and 526,000 bushels in December and 90,000 bushels May 1947 wheat.

Trading in all old Contracts Restricted to Liquidation

Following the meeting of the Officers of the Kansas City Board of Trade with the heads of Chicago and Minneapolis commodity exchanges in Chicago at which the May 8 request and recommendation of the three Government agencies was discussed with a representative of those agencies, a special meeting of the Board of Directors of the Kansas City Board of Trade was held and resolutions were adopted in line with the action taken by the Chicago Board of Trade restricting trading in all outstanding old grain futures to liquidating trades and ordering settlement at the old ceiling prices applicable May 11, 1946. Two orders were issued, both dated May 13, 1946. One as Circular 1854, which was very brief, apparently was considered inadequate and was immediately followed by Circular No. 1855 which cited specifically the three agency request and recommendation, gave more complete explanation as to the reason for the action, and invoked the powers conferred on the Directors by Rule 38 but otherwise was of the same tenor as Circular 1854.

The trading volume for May 13, and 14 totaled 680,000 bushels, reducing the open interest, to a total (open interest) of 3,519,000 bushels of which 2,003,000 bushels was in nearby July wheat. Thereafter the trading volume was insignificant. Some idea of the supply situation as of that period may be gleaned from the reports of the amount of contract grades of wheat in regular warehouses as of the following dates:

Since an unknown but reportedly very large percentage of the wheat noted above was owned by the Government after the issuance of War Food Order No. 144 it is apparent that throughout the period from early March to the end of June the supply situation in the Kansas City market was extremely critical. Short traders obviously were frozen in the positions held May 11th except for the relatively small amount of trading for liquidation immediately following the issuance of the May 13th order.

May 13 Ceiling Price Increase

The Board of Trade, following its action of May 13th, fixed under Circular No. 1859, dated May 18, 1946 and effective May 20, 1946, maximum prices for wheat, corn, and grain sorghums for future delivery under new contracts in accordance with the OPA ceilings as follows:

Wheat	$1.88 5/8 per bushel for delivery in August and November 1946 and March 1947
Corn	$1.43 1/4 per bushel for delivery in January and March 1947
Grain Sorghums	$2.73 per 100 lbs for delivery in November 1946 and January and March 1947

Another circular, No. 1860 specifying margin requirements for the new contracts was issued the same day, May 18th. There was no record of any trading in the new contracts in the Commodity Exchange Authority reports.

Restriction of all Trading to Liquidation

The Board of Directors took action June 4, 1946 (reported in Circular No. 1869, June 5th, effective that day) first, to purge themselves and the Board of Trade of a possible claim that they had fixed prices in various orders issued in the past by modifying and amending their orders of May 12, 1946 and May 18, 1946 to order that

> "all contracts for future delivery of grain made on and after June 5, 1946, shall be made at or under ceiling prices now in force or hereafter established from time to time by the United States Government through its agencies so long as ceiling prices are maintained in force by the United States Government, and further . . . all maximum prices heretofore fixed by the Board of Directors shall cease to be effective."

and, secondly, to continue in force the provision of the resolution of May 12th (Circular No. 1855, May 13, 1946) limiting trading . . . the old futures to settlement of existing contracts and, further, to prohibit trading except for settlement of contracts in the "new" futures. This, in effect, limited all trading to liquidation of futures already outstanding.

Premature Close-out of all Futures Outstanding

Fairly active trading followed the issuance of Circular 1869 on June 5th. The total volume of 3,269,000 bushels open June 5 was reduced to 2,589,000 bushels at the close of business June 13, 1946. Most of the liquidation was in July wheat.

On June 13, 1946, the Board of Directors issued Circular 1870 closing out all grain futures as of that date and appointing a committee to determine a fair and reasonable price at which existing contracts should be settled without payment of any penalty. A public hearing before the Committee was set for June 17, 1946.

Settling prices for the closed out futures recommended by the Committee and adopted by the Board were:

$1.88 5/8 per bushel for wheat;
1.43 1/4 per bushel for corn;
2.73 per 100 pounds for grain sorghums;

and June 19, 1946 was set as the settlement date.

The largest single short interest in July wheat was 360,000 bushels held by the Rocky Mountain Grain Co. and the largest single long interest, 570,000 bushels held by Continental Grain Co. Uhlmann Grain Co. had net long interest of 175,000 bushels. The only processor with a reported open interest was Ralston-Purina Co. with contracts on the short side of 120,000 bushels of September and 100,000 bushels of December wheat.

The Secretary of the Kansas City Board stated that no serious difficulties were met in arranging settlements between the short and long interest, also that there were no serious complaints against the action of the Board although many felt that trading probably should have been stopped long before it became necessary to take action in May, and that, as a matter of fact, the advent of WFO 144 should have provided the signal for closing out all trading when it then could have been done in a perfectly normal manner and with exaction of only minor penalties. It is probable that had not a precedent been set for settlement without penalties, few would have taken a chance on selling short in the face of the well known facts of a vanishing supply and the pressure to increase ceilings. The gratuitous destruction of the responsibility of the individual trader to stand by his contract through waiver by the Board of Trade of any penalties for incorrect appraisal of the market was the most serious aspect of the actions taken by the Kansas City Board of Trade.

Resumption of Trading in Wheat

Following the close-out of June 13, there was no trading in any grain futures on the Kansas City Board until the Board by Circular No. 1896 August 3, declared that, whereas emergency conditions requiring the close-out had materially changed and the public welfare and interests of the association would best be served by permitting trading in new contracts for future delivery of wheat in September and December, 1946 and March, 1947, trading in these futures was reopened on Monday August 5, subject to rules of the association and applicable government regulations.

Resume of General Effects

The Kansas City Board of Trade faced a situation quite similar to that of the Chicago Board of Trade so far as wheat was concerned, but had no problem respecting corn, oats, rye, or barley as did the Chicago Board. The Kansas City Board's

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volume of trading in wheat was much smaller, and nation-wide and even international speculative interests were less important. The fact that trading interests were more largely local undoubtedly made it easier to arrange liquidating trades and close-outs through more democratic and personal give and take in making arrangements to enable frozen-in short interests to close-out their positions.

The Kansas City Board of Trade followed a somewhat less vacillating course than that of the Chicago Board of Trade. It did reverse itself to the extent that on May 13, it ordered liquidation of all outstanding futures at the old ceiling while on June 5 it made the new ceiling applicable in the liquidation of all futures still open. This second action was taken after the Cargill and Buckley cases had been filed against the Chicago Board of Trade.

Paralleling the action of the Chicago Board of Trade, that of the Kansas City Board of Trade on May 13 protected shorts at the expense of longs, while that of June 5 making the new ceilings applicable in the liquidation of all trades still outstanding, shifted the burden of the May 13 ceiling price back to shorts who were still in open position, and correspondingly benefitted longs. This second action again paralleled action by the Chicago Board of Trade, as did its third action closing out all contracts as of June 13 in anticipation of the expiration of price controls on June 30. Likewise, the action of the Kansas city Board on March 28, closing out all May wheat contracts prematurely, paralleled actions already taken by the Chicago and Minneapolis exchanges.

The amounts involved, and the incidence of windfall losses and gains resulting from the March 4 and May 13 ceiling price increases as distributed by regulations of the Kansas City Board of Trade, may be summarized as shown in Table 11.

TABLE 11. TOTAL WHEAT CONTRACTS CLOSED OUT BY CHICAGO & KANSAS CITY BOARD OF TRADE MARCH 28 - JUNE 13, 1947

	Total closed out		Traded out at old ceiling price		Closed out at new ceiling	
	Bushels	Amount (or net) at ceiling (cents per bushel)	Bushels	Gain or (loss) at ceiling (cents per bushel)	Bushels	Profit to longs at ceiling (cents per bushel)
May 2 - date of liquidations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May 1947	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total open May 13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May 1946 wheat closed out March 28	2,850,000	[illegible]	---	---	2,850,000	[illegible]
Total contracts closed out	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Percentage distribution of profits and losses		[illegible]		[illegible]		[illegible]

1/ 3 cents per bushel representing amount of March 4 ceiling price increase

Had the May 13 order closing out all outstanding wheat contracts stood unchanged, the total of the windfall profit of 15 cents per bushel arising out of the May 13 ceiling price increase would have accrued as savings to shorts on the total of 4,199,000 bushels of contracts open on May 11. The order of June 5 making the new ceiling price effective for further liquidation shifted the financial responsibility back upon the shorts to the benefit of the longs. The net result was that shorts benefitted only to the extent of $139,500, or 19.5 percent of the total windfall profits arising out of ceiling price increases.

The March 28 order closing out May wheat at ceiling gave longs the benefit of the ceiling price increase of 3 cents per bushel effective on March 4. On 2,850,000 bushels of contracts closed out this amounted to $85,500. In additon, making the May 13 ceiling price increase applicable in liquidating trades after June 5 and in the final close-out of all open contracts on June 13 gave longs an additional profit of $490,350, making a total of $575,850 of protection given to long interests whose contracts were liquidated. Longs in the end benefitted to the extent of 80.5 percent of the total windfall profits and losses involved.

Shorts, however, could count some additional protection to their interests since the close-out as of June 13 relieved them of any financial responsibility arising out of price increases after July 1. Cash wheat moved sharply upward in price after July 1, then sagged to near the May 13 ceiling price at the end of the month, and averaged some 5 or 6 cents higher than ceiling for the month, and September showed a somewhat similar average advance over the May 13 ceiling price. Additional savings to shorts on July and September futures which constituted the bulk of contracts open, might have been of like order per bushel.

Thus the actions of the Chicago and Kansas City Boards followed the same pattern and had similar effects in distributing windfall profits and losses. The Kansas City Board, however, acted under its Rule 38 which deals specifically with war powers. The question as to whether these powers might lawfully be used in 1946 with no actual hostilities in progress, but with the Exchange still operating under unusual conditions imposed by Government actions under war powers, has not been questioned in any formal action

In retrospect, the secretary of the Kansas City Board of Trade has expressed the opinion that trading should have been stopped long before May 13. It was then too late, however, to correct the situation with either ease or equity. For months trading had been permitted in futures purporting to be contracts for grain when in fact grain did not exist, or could not be made available for the satisfaction of futures. In fact it would appear that the predominantly short speculative side of the market sold at ceiling with little intent of trying to supply grain so long as defaults were settled at ceiling. The validity of future contracts was thereby undermined to the point where the statement often made that every futures contract is a contract for grain had become mere fiction. This undermining of the integrity of futures is one of the most serious effects arising out of the exchange managements failure either to stop trading at a much earlier date, or to hold traders more strictly to the fulfilment of the terms of contracts. Responsibility for not protecting the validity of contracts under present conditions of law and exchange management rests entirely with the officers and directors of each commodity exchange.

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CHAPTER IV. MINNEAPOLIS CHAMBER OF COMMERCE ACTIONS

SECTION 1. ORGANIZATION AND POWERS

Organization and Purposes

The Chamber of Commerce of Minneapolis was set up as a corporation under the laws of the State of Minnesota by a group of 20 citizens who adopted Articles of Incorporation on October 6, 1881, which were filed with the Secretary of State on October 19, 1881. The Corporation's first meeting for the adoption of by-laws, rules and regulations was held on November 15, 1881. The organization has had continuous corporate existence since that time.

The general objects and purposes of the corporation, as stated in its Articles of Incorporation are:

> "To facilitate the buying and selling of all products, to inculcate principles of justice and equity in trade, to facilitate speedy adjustments of business disputes, to acquire and disseminate valuable commercial information, and, generally to secure to its members the benefits of cooperation in the furtherance of their legitimate business pursuits, and to advance the general prosperity and business interests of the city of Minneapolis."

Powers Respecting Trading

Rule 418 provides that the Board of Directors shall have power to fix the hours of trading, to declare any day a holiday, and:

"When in the opinion of the Board of Directors an emergency exists, the Board shall have power from time to time to

(a) Close the Exchange;

(b) Suspend trading in any or all Futures Contracts, including trading in and settlement of any then existing Futures Contracts;

(c) Prohibit trading during any day in any or all Futures Contracts at prices more than a specified limit above or below the average closing prices of the preceding business day;

(d) Prohibit trading in any or all Futures Contracts at prices above or below such limits as are specified by the Board;

(e) Limit the total amount of open speculative Futures trades which any member or any Registered Firm or Corporation, or any customers of any such member, Firm or Corporation may have at any one time in any or all commodities, and to increase or decrease or cancel such limitations as the Board of Directors deems advisable. The Board of Directors may require such reports and may make such Regulations as it deems necessary to enforce such limitations. Provided, however, that the establishing of any such limit shall not be deemed to require that total amounts of such trades acquired before the effective date of such limitations be reduced to such limit; adopt regulations to conform with orders recommendations or requests of any duly constituted governmental authority, or which in the opinion of the Board of Directors may be necessary or appropriate.

"If and when the Board of Directors has acted under authority granted by this Rule, it may make such regulations in regard to settlement prices in connection with Cash or Futures Contracts affected thereby as the Board deems necessary and proper for the best interests of all concerned."

* * * *

"Any Member, or any Registered Firm or Corporation, who or which (after hearing) has been found to have violated any of the provisions of this rule or any order of the Board of Directors issued pursuant thereto, shall be deemed and held to be guilty of uncommercial conduct and of committing a grave offense against the good name of this Association."

"Uncommercial Conduct" and violations of the Rules, Regulations, customs or usages of the Association are subject under General Rules 800 and 810 to punishment by fine, censure, suspension or expulsion, or by two or more of such penalties as the Board of Directors (after hearing) may determine is warranted by the nature and gravity of the offense found to have been committed. The Board of Directors thus has broad powers to regulate trading and enforce its regulations against those permitted to trade on its floor.

SECTION 2. ACTIONS RESTRICTING FUTURES TRADING AFTER JANUARY 1, 1946

Futures Traded

During the period from January to June 1946, futures trading in the principal grains in Minneapolis was confined to wheat and oats for delivery in the months of May, July, September and December 1946, and rye for the month of May, 1946. There was no trading whatever in corn or barley futures.

General Market Conditions

The general market situation as to supply was similar to that described in detail for the Chicago market and need not be repeated here.

The situation in Minneapolis, like that in Kansas City, normally differs from that in Chicago in that the total volume of trading is smaller, speculative interests are much less important, and trading is largely for hedging purposes, it is claimed that effective trading for hedging purposes even in normal times often would be improved if a larger speculative interest were present to broaden the market and make easier the placing and lifting of hedges. On the other hand, Minneapolis claims to be the largest cash grain market in the world, handling from 300 to 500 million bushels over its cash tables annually.

May and July Wheat Trading for Liquidation Only

The first important regulation affecting futures trading during the first six months of 1946 was adopted on February 18, 1946. On that date the Board of Directors, citing War Food Order No. 144, and acting under the authority of Rule 418, ordered that effective on the opening of the market on February 18, and continuing until further notice, trading in futures for delivery of wheat in May and July 1946, would be limited to transactions for the liquidation of outstanding open contracts. This regulation continued in effect to the termination of the July contract.47/

March 4 Ceiling Price Increase

On March 4th the Board of Directors adopted and published as Circular 3844 a regulation increasing Minneapolis ceiling prices by 3 cents per bushel for wheat,

47/ Chamber of Commerce of Minneapolis, Circular No. 3843, March 1, 1946.

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3 cents for corn, 4 cents for barley and 2 cents for oats. These increases were in accordance with OPA price increases.

Intra-Market and Inter-Market Spreading

On March 6, the Board of Directors adopted and published as Circular No. 3845, a regulation which permitted intra-market spreading between two grains, both being at ceiling prices, and inter-market spreading between Minneapolis and another market in the same grain, or between two different grains, when at ceiling prices in both markets, provided that such intra-market and inter-market spreading transactions be offered at public outcry and executed in the pit, and that such spreading transactions be limited to transactions to effect the liquidation of outstanding contracts. No new commitments were to be made.

Premature Close-out of May Wheat

On March 12 the Board of Directors adopted and published as Circular No. 3847, a regulation requiring all futures contracts for delivery of wheat in May 1946 still in effect at the opening of the market on March 13 to be liquidated by settlement with the clearing Association at the maximum (ceiling) price for futures for wheat in effect at the time of settlement. May wheat had been at ceiling continuously since January 1, 1946.

This action closing out May wheat prematurely antedated the action of the Chicago and Kansas City close-outs of May wheat by about two weeks. It also was the only such action taken by the Minneapolis Chamber of Commerce.

May 13 Ceiling Price Increases

On May 12th a regulation putting into effect the new ceiling prices effective May 13 was published as Circular 3850. This regulation specifically cited the ceiling increases as having been ordered by the United States Government under its war prices, and therefore having the effect of law. The new prices were to apply to old contracts. No new contracts were authorized for trading. All futures then being traded were free to move to the new price ceilings subject to the requirement that the maximum increase in price in any one day was limited to 5 cents per bushel. All wheat futures and nearby months of oats promptly moved to the new ceilings by 5 cent daily advances.

At this time the futures affected which were being traded in Minneapolis were July wheat (for liquidation only), September and December wheat and May, July, September and December oats. May rye was also being traded but it was not under ceiling price.

Trading in all Wheat Contracts Restricted to Liquidation

On June 13, the date on which the Chicago and Kansas City exchange closed out the bulk of old contracts outstanding, along with some new ones, the Minneapolis Chamber of Commerce adopted a regulation effective at the close of the market June 13, which, until further notice, prohibited trading in wheat futures for delivery in July, September and December 1946, except for liquidation, and prohibited altogether, trading in any contracts for corn, rye, barley and flaxseed.

This regulation is to be contrasted with those of the Chicago and Kansas City exchanges which prematurely closed out large volumes of open contracts altogether. The Minneapolis regulation left it to the owners of outstanding contracts to liquidate

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them to their own best advantage. Thus the full responsibility of traders for their respective positions was preserved and the integrity of th contracts was protected, or at least made a matter of negotiation between the parties themselves.

Removal of Ceiling Prices

On June 30, the Minneapolis Board, by regulation, rescinded all of its regulations establishing maximum prices, service charges and mark-ups issued in compliance with maximum prices, service charges and mark-ups established by the Office of Price Administration. The Board left in effect its regulation of June 13 restricting trading in July and September wheat to liquidation, and added specific prohibition until further notice against trading in oats contracts for delivery in months subsequent to December, 1946. This left only July, September and December oats to be traded without restriction.

Resumption of Trading in Wheat

On July 30, the Board of Directors adopted a regulation which recited that whereas paragraph (M) of War Food Order No. 144, requiring the offering of excess wheat to the Government, had been suspended thereby again making it possible to accumulate and control wheat for delivery on futures, and whereas, country shippers had appealed to the exchange to reestablish futures trading in wheat as a means of enabling them to purchase wheat from farmers, thereby reducing the hazard of loss through price fluct[illegible]ns and permitting them to market the farmer's wheat at the lowest possible cost to him, open trading in September and December wheat was again authorized. The prohibition of June 13 against trading in corn, rye, barley and flaxseed futures remained in effect. This marked the first step of the Minneapolis Board of Trade to resume open trading in any grain other than oats. The Board obviously was proceeding slowly and conservatively in reestablishing trading in futures.

SECTION 3. ECONOMIC EFFECTS

Premature Closing Out of May Wheat

As already noted, the only contract prematurely closed out by the Chamber of Commerce of Minneapolis was May wheat, which was restricted to trading for liquidation as soon as War Food Order No. 144 became effective on February 18, and was closed out altogether on March 13, shortly after the March 4 increase in ceiling price of 3 cents per bushel had become effective.

No special difficulty appears to have been experienced in the settlement of May wheat contracts on March 13. Longs got the benefit of the 3 cent ceiling price increase of March 4 at the expense of shorts, who, for their 3 cents per bushel, were relieved of the responsibility to deliver wheat in May which War Food Order No. 144 made it impossible for them to own for more than a week at a time. At this time the short hedging interest of processors had largely disappeared from the Minneapolis market for the reason that, with wheat at ceiling for months, there was no point in selling futures against existing small stocks of wheat which, after being used up, would no longer be available for the satisfaction of hedges that could not readily be lifted. To merchandisers and processors, hedging on the long side of the market was also of questionable value for the reason that if wheat was received (which was unlikely so long as War Food Order No. 144 was in effect) it might have to be offered to the Government. Nobody yet knew anything about the May 13, ceiling price increase so neither potential injury nor benefit could be counted against it.

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The questions of failure to maintain the integrity of contracts and of assumption by the Chamber of Commerce of responsibility for cutting across private contracts and fixing profits and losses thereunder, however, were raised, and a consensus of opinion arrived at among the management that the action taken was not economically sound or wholly equitable and might even lead to legal difficulties. Such attitude is in line with the spirit of the Chamber's rules which include failure on the part of a member to comply with any contract either oral or written which is governed by or made subject to the rules of the Association one of the acts included in the definition of "Uncommercial Conduct."48/ The logic of the conclusion appears to have been that if it is commercially objectionable for members arbitrarily to set aside contracts, it would be equally objectionable for the Chamber of Commerce to do so. This opinion, it will be noted, was arrived at after, and as a consequence of hurried action prematurely closing out May wheat contracts on March 13.

Refusal to Follow the May 8 Request and Recommendation

The attitude discussed in the last paragraph became evident at and following the joint conference of representatives of the Chicago, Kansas City and Minneapolis exchange with a Government representative in Chicago on May 11. At and after that Conference the representatives of the Minneapolis Chamber of Commerce strongly advised against following the Government request and recommendation. They so wired the Chicago Board of Trade on May 12 and themselves refused to take the responsibility of closing out futures. Instead, they merely ordered the new ceilings into effect on May 13 and continued in effect their action of February 18 restricting trading in July wheat to trades for liquidation only. This merely continued trading under restrictions already in effect, but at the new ceilings for both wheat and oats.

The same attitude was taken a month later when, instead of closing out wheat futures altogether, as was done by Chicago and Kansas City, Minneapolis merely extended its restriction of trading in wheat to trades for liquidation of all wheat contracts outstanding, namely, July, September and December, 1946. This, likewise, was the only restriction applied to trading in contracts outstanding when price controls expired on June 30.

Method of Settling Maturing Contracts

The method pursued by Minneapolis in bringing about settlements of nearby month futures from March onward was that, under the general direction of the Exchanges' Business Conduct Committee, effort was made to maintain the validity of contracts and thereby protect the interests, especially of long hedgers, who constituted the bulk of the long open interest, while giving shorts every reasonable opportunity to work out an agreed upon settlement with longs so that there would be no defaults at maturity of the contract.

An example might be as follows: A trader short of a future and unable either to buy in his position or purchase and hold grain to the delivery month might, however, be able to purchase a "to arrive" contract. With this in hand he could thereupon arrange with some miller or processor long of the future and standing for delivery to trade his long position for the to arrive contract. Or if he could obtain cash grain and retain ownership for only a few days he could make a similar bargin. The Business Conduct Committee worked with both shorts and longs to bring about settlements.

48/ See General Rule 801 of The Chamber of Commerce of Minneapolis

Most open positions were stated to have been liquidated in this manner, and the balance were settled by special arrangements for cash settlements made directly between longs and shorts so that, technically, there were no actual defaults upon which the Board of Trade was required to take formal action.49/

To do this, the customary rule requiring delivery of grain in warehouses in Minneapolis was waived to the extent necessary, and the clearing Association approved special arrangements satisfactory to both parties in clearing the open trades involved, even though customary rules and procedures were not always fully complied with. The greatest difficulty experienced was stated to have been to get speculators who were long to give up their positions in exchange for to arrive contracts.

Success of the emergency efforts made to maintain the integrity of contracts and avoid wholesale freeing of shorts from responsibility, or of definitely determining that responsibility, was undoubtedly facilitated by the predominance of long hedges in the market. Success was undoubtedly facilitated further by the fact that the total volume of open interest was limited and there was relatively little speculative interest, either long or short, located at such distance as to make negotiation of settlements difficult. Still another factor was the absence in Minneapolis of large open short interests in Corn, short speculation in which had been fostered rather than retarded in Chicago by past closeouts of defaults without penalty other than the assessment of ceiling prices even after it became well known that much of the limited supply of deliverable or other grades of corn was being marketed through "Irregular" channels with the result that little was available in customary channels even before the Government began paying a premium for corn. All these factors appear to have favored what the Secretary of the Minneapolis Chamber of Commerce described as planned cooperation on the part of longs to hold off, and on the part of shorts to make arrangements to obtain grain from any source available for submission in satisfaction of futures.

Effect on Hedging and Speculative Interests

From January 1946 to the beginning of the movement of the new crops in volume in July and August, the sale of futures as hedges against stocks of grain in the hands of merchants and processors was of little value. Not only was the price trend upward, making hedging protection unnecessary on stocks of grain owned, but the narrowness of the futures market, due to the fact that there was little speculative interest on the long side of the market so long as futures remained at ceilings, made the lifting of short hedges difficult. Short hedges remaining open after grain was sold or consumed became a financial hazard rather than an insurance against price change. The short hedger, along with the speculative trader, was quite effectively frozen in an open short position the hazard of which grew as time went on.

The upward trend in prices, however, made long hedges bought against forward commitments for grain or grain products become valuable both to merchants and processors, and only to a less extent to speculators with open long interests.

The actions taken by the Minneapolis Chamber of Commerce and insistence that both longs and shorts assist in working out the most equitable settlements possible had the effect of protecting the interests of both to some extent by what amounted practically to renegotiating and mutually readjusting their claims one upon the other. Shorts took losses and longs counted gains, as all futures trading contemplates. In this case the losses and gains were mutually agreed upon between the parties rather

49/ It appears that in some instances what amounted practically to "rings" were formed by several interested parties whereby a single warehouse receipt or to arrive Contract might be passed from one interest to another, especially where speculators were in long positions, thus satisfying in whole or in part several different long and short positions, much as a negotiable check or currency might be passed from hand to hand.

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than for both parties to sit back and wait for someone else to determine their respective rights and responsibilities. The Minneapolis Chamber record, proudly cited by its management, of few, if any, defaults in its history requiring formal determination by the Exchange was preserved.

Effect on Farm Prices

Wheat and oats were the only two grains for which futures were importantly traded on the Minneapolis market during the first six months of 1946. Of these two, oats were in fairly plentiful supply, while wheat was in short supply. The prices of oats futures tended to adhere to ceilings only for nearby old-crop months as they approached maturity, while the prices of all wheat futures traded adhered quite firmly to ceilings from the middle of January onward.

Trading in oats futures was not restricted at any time on the Minneapolis Exchange. To the extent, therefore, that prices of nearby month futures tended to adhere to ceilings and to the extent that futures prices were used as the basis for country buying, they would tend to keep the prices bid to farmers at ceiling for any oats still remaining on the farm. Also the fact that oats futures served fairly well as hedges up to the time they became frozen at ceiling, enabled merchants to handle oats at minimum margins no greater than those fixed by the Office of Price Administration.

For wheat, the situation was somewhat different. Here shortage of supply of itself probably would have caused cash prices to press hard against ceilings. The fact that futures likewise adhered to ceilings merely strengthened the cash price in the country. However, with futures adhering steadily to ceilings, shorts were frozen in their open positions by the refusal of longs to trade on an upward trending market. This caused losses to hedgers who found themselves unable to lift short hedges except at increased prices long after wheat hedged had been disposed of. This could have little, if any, effect on prices realized by farmers so long as the supply situation kept cash prices frozen to ceiling anyway.

This situation, however, was entirely changed after July 1. When prices went up with no nearby futures open for new trades, the burden of risk in buying and storing grain then fell upon country buyers, terminal elevators and processors. Until the price advance reached its peak and the new crop began to move in volume, hand to mouth buying all along the line enabled all factors to avoid undue risks. As soon, however, as new crop movement got under way, the only course open to merchants, in the absence of hedging facilities, was to bid less in the country in order to widen their margins. This was necessary because with merchants feeling that the price increase had reached its peak, there would be no opportunity to increase margins by selling at higher prices in terminal markets or elsewhere.

Under these circumstances, with no futures available for new hedges, shortage of cars caused highpriced wheat to pile up in country elevators during July. To offer some measure of relief, the Minneapolis Chamber of Commerce reopened trading in September and December wheat futures on July 30. Since the general market feeling was uncertain and bearish, no long interest appeared to take the short hedges. Consequently, as late as the middle of August, Minneapolis cash commission merchants were advising their country elevator clients not to buy outright but only to accept and store wheat for the farmer subject to pricing later. This meant that the entire risk of carrying wheat at least until August 20th when it would be known whether price controls would be reestablished, and possibly for a longer period if they were not, was shifted entirely to the farmer. Thus the country merchant either underbid the market to provide himself a wider margin than usual or shifted the entire burden to the farmer.

This situation, however, is not to be ascribed to any action taken, or lack of action taken, by the Minneapolis Chamber of Commerce, or any other exchange. It was the natural product of conditions beyond their control, of which uncertainty as to what would happen on August 20 respecting government price controls was at the immediate moment the most important.

Effect on the Prestige and Welfare of the Association

The difference between what happened in Minneapolis and in Chicago lies essentially in the difference in attitude shown respecting the maintenance of the integrity of contracts and the personal responsibilities of traders thereunder. In Chicago, the Board of Trade assumed responsibility, on May 12, at the request and recommendation of Government agencies, to fix prices and thereby determine profits and losses. This applied both to actions taken in May and in the final premature closing out of specified contracts in June. By these actions neither the integrity of contracts, nor the responsibilities of contracting parties were preserved. The prestige of the Chicago market suffered heavily and the exchange laid itself open to legal attack by aggrieved parties.

By contrast, the Minneapolis Chamber of Commerce deliberately chose to maintain the validity of its contracts so far as possible and to insist that its traders, both speculators and hedgers, cooperate and participate in mutual settlements whereby the interests of all parties would be safeguarded so far as equitably possible under the circumstances over which neither the traders nor the Chamber of Commerce had control. Officers and directors of the Minneapolis Chamber of Commerce stated it to be their belief that the actions taken to protect the validity of contracts, preserve the responsibilities of traders and avoid the responsibility for determining profits and losses throughout the difficult period from May through July 1946, were economically and legally sound in principle, and conducive to the prestige and welfare of their Association.

[fol. 645]

APPENDIX

GRAIN IN DELIVERABLE POSITION IN FEDERALLY LICENSED WAREHOUSES IN CHICAGO—FIRST 6 MONTHS OF EACH YEAR, 1943-1946

Stocks of grain in deliverable position in federally licensed warehouses in Chicago at the end of each week are compiled by the United States Department of Agriculture. Since about seven-eighths of all grain elevator space regular for futures delivery in Chicago is federally licensed, the quantity of grain in deliverable position in federally licensed warehouses gives a fair indication of how much grain is immediately available for delivery on futures contracts at the end of each week.

The quantities of wheat, corn, oats, rye, and barley of deliverable and nondeliverable grades in deliverable position in federally licensed warehouses in Chicago at the end of each week during the first six months of each of the four years 1943 through 1946 constitute the subject matter of Appendix Tables 1 to 5 and correspondingly numbered Appendix Charts. For wheat, the statistics available subdivide the total quantities in store to show deliverable grades, nondeliverable grades, and ungraded grain. While for corn, oats, rye, and barley, the segregations covers only deliverable and nondeliverable grades.

Wheat

Appendix Chart 1 and Table 1 present comparisons of quantities of deliverable grades of wheat in deliverable position in federally licensed warehouses in Chicago on corresponding week ends of the first six months of each year, 1943 through 1946.

[fol. 646]

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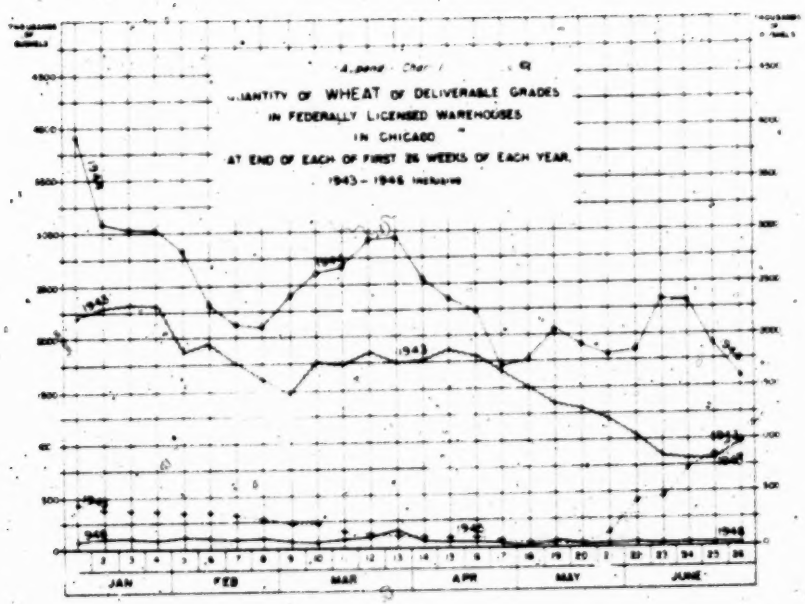

QUANTITY OF WHEAT OF DELIVERABLE GRADES
IN FEDERALLY LICENSED WAREHOUSES
IN CHICAGO
AT END OF EACH OF FIRST 26 WEEKS OF EACH YEAR
1943 - 1946 Inclusive
1946
1945
1944
1943
JAN
FEB
MAR
APR
MAY
JUNE

[fol. 647]

SPECIAL EXHIBIT 1 — WHEAT IN DELIVERABLE POSITION IN PRIVATE WAREHOUSES IN CHICAGO - FIRST 6 MONTHS 1946, 1945, 1944 and 1943
(SOURCE: FOOD DISTRIBUTION ADMINISTRATION, COMPLIANCE DIVISION, CHICAGO, ILLINOIS)

Week Ending	Deliverable Grades (Bushels)				Nondeliverable Grades (Bushels)				Ungraded (Bushels)				Total [illegible] Private Warehouses Bushels			
	1946	1945	1944	1943	1946	1945	1944	1943	1946	1945	1944	1943	1946	1945	1944	1943
Jan. 5	88,[illegible]	[illegible],559	[illegible],854,[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
Jan. 12	91,[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
Jan. 19	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
Jan. 26	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
Feb. 2	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
Feb. 9	99,[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
Feb. 16	90,[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
Feb. 23	89,[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
March 2	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
March 9	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
March 16	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
March 23	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
March 30	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
April 6	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
April 13	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
April 20	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
April 27	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
May 4	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
May 11	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
May 18	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
May 25	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
June 1	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
June 8	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
June 15	14,957	741,958	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
June 22	9,[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]
June 29	[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]	[illegible],[illegible],[illegible]

The striking showing of Chart I is that stocks of deliverable grades of wheat in Chicago in federally licensed warehouses, (most of which may be assumed to have been in deliverable position since most federally licensed warehouses are also regular for futures delivery) was very small throughout the first five months of both 1945 and 1946 as compared with the quantities of such grades in store in such warehouses in 1943 and 1944. Only in June 1945 was there a showing of increased quantity in store, while June 1946 brought no increase in the total of such grades in store. Furthermore, as shown in Table 1, there were only relatively small quantities of either nondeliverable grades or ungraded wheat in such warehouses out of which deliverable grades might have been made by mixing and transfer to regular store in May and June of 1946.

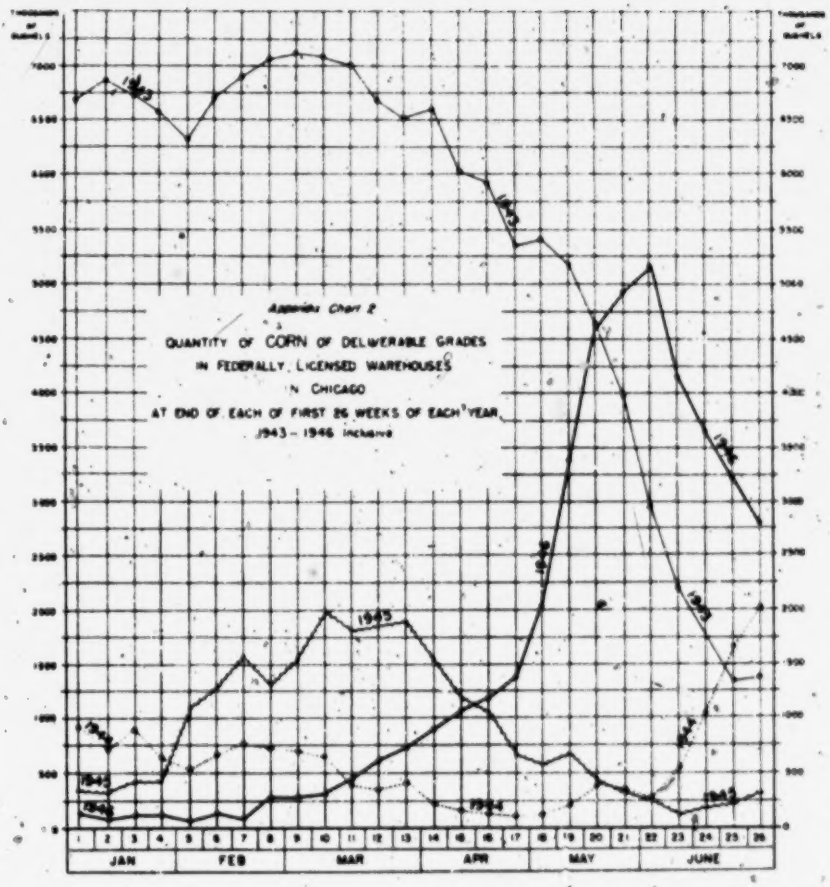
Wheat of deliverable grades in such warehouses normally constitutes the principal source of wheat available for the satisfaction of futures contracts not liquidated by the normal method of trading. From the showing it is obvious that the quantity available for the satisfaction of futures was dangerously low both in 1945 and 1946. For instance, on March 30, 1946, three days after 9,492,000 bushels of May wheat contracts were prematurely closed out by order of the Chicago Board of Trade, there were only 140,281 bushels of deliverable grades in store in these warehouses. This was the largest quantity of deliverable wheat in store at any time during the first half of 1946. It represented only a little more than 1 percent of the total of May contracts outstanding. And to make matters worse, this wheat could not be held in store for possible satisfaction of May futures for the reason that it was subject to Government disposition under the terms of War Food Order No. 144. Thus, while the total in store was not greatly lower than that shown for 1944, the supply for delivery on futures was, in fact, much tighter than it had been one year before.

Corn

Appendix Chart 2 and Table 2 make similar comparisons of quantities of deliverable grades of corn in store in federally licensed warehouses during the first half of each of the years 1943 to 1946 inclusive.

[fol. 649]

75


Appellee's Chart 2
QUANTITY OF CORN OF DELIVERABLE GRADES
IN FEDERALLY LICENSED WAREHOUSES
IN CHICAGO
AT END OF EACH OF FIRST 26 WEEKS OF EACH YEAR
1943 - 1946 inclusive
1943
1944
1945
1946
JAN
FEB
MAR
APR
MAY
JUNE

APPENDIX TABLE II

CORN - IN DELIVERABLE POSITION IN FEDERAL WAREHOUSES IN CHICAGO - FIRST 8 MONTHS, 1946, 1945, 1944 AND 1943

Week Ending	Deliverable Grades (Bushels)				Nondeliverable Grades (Bushels)				Ungraded (Bushels)				Total in Federal Warehouses (Bushels)			
	1946	1945	1944	1943	1946	1945	1944	1943	1946	1945	1944	1943	1946	1945	1944	1943
Jan. 5..	109,089	397,633	934,827	6,699,290	1,222,857	1,170,866	440,876	2,437,641	--	--	--	--	1,331,626	1,568,219	1,375,805	9,136,931
Jan. 12..	86,513	327,808	728,337	6,865,711	1,153,587	1,149,588	604,589	2,489,631	--	--	--	--	1,240,100	1,477,396	1,332,926	9,356,342
Jan. 19..	131,453	421,556	908,856	6,754,441	1,232,082	1,302,327	934,677	2,765,949	--	--	--	--	1,363,535	1,723,885	1,843,533	9,520,390
Jan. 26..	131,663	421,556	657,178	6,581,888	1,856,298	1,302,327	1,320,622	2,[illegible]	--	--	--	--	1,987,[illegible]	1,723,885	1,977,800	9,510,618
Feb. 2..	78,234	1,104,953	629,387	6,317,611	2,783,765	2,028,423	1,272,320	3,[illegible]	--	--	--	--	2,861,999	3,133,376	1,901,707	9,780,548
Feb. 9..	121,910	1,279,431	687,443	6,722,625	3,712,867	2,060,381	1,276,246	3,640,044	--	--	--	--	3,834,777	3,339,[illegible]	1,963,689	10,362,669
Feb. 16..	91,807	1,565,738	2,000	6,905,515	4,373,213	2,346,178	1,183,918	3,664,493	--	--	--	--	4,465,120	3,911,916	1,935,918	10,590,008
Feb. 23..	299,269	1,339,033	741,641	7,092,178	4,881,858	2,671,552	1,152,506	3,[illegible]	--	--	--	--	5,180,957	4,010,585	1,894,147	10,828,373
March 2..	295,[illegible]	1,569,033	720,580	7,118,291	5,577,314	2,657,196	898,122	3,618,773	--	--	--	--	5,873,083	4,226,231	1,619,702	10,737,064
March 9..	311,801	1,990,[illegible]	662,897	7,088,801	6,168,562	2,066,086	918,559	3,450,101	--	--	--	--	6,480,[illegible]	4,056,859	1,479,726	10,586,902
March 16..	456,841	1,821,490	389,914	7,007,890	5,843,709	1,876,709	584,478	3,193,241	--	--	--	--	6,300,550	3,698,199	964,390	10,200,831
March 23..	615,511	1,854,349	360,129	6,670,[illegible]	5,503,081	1,701,164	410,232	2,947,034	--	--	--	--	6,118,592	3,555,513	770,361	9,617,784
March 30..	787,011	1,904,490	410,871	6,524,191	5,334,581	1,527,399	394,172	2,535,943	--	--	--	--	6,091,592	3,431,889	805,043	9,060,134
April 6..	902,843	1,541,506	215,423	6,802,263	5,462,797	1,483,029	208,822	2,024,645	--	--	--	--	6,365,640	3,004,534	424,245	8,826,908
April 13..	1,079,301	1,191,717	151,208	6,080,386	5,021,616	1,380,149	139,276	1,699,136	--	--	--	--	6,100,917	2,571,866	290,484	7,779,521
April 20..	1,195,570	1,056,728	121,875	5,840,470	4,514,120	1,059,486	105,271	498,946	--	--	--	--	5,709,690	2,116,214	226,948	6,339,416
April 27..	1,363,244	695,301	108,441	5,555,956	4,070,112	990,544	84,993	713,605	--	--	--	--	5,483,356	1,685,845	191,434	6,069,563
May 4..	2,028,642	577,145	115,461	5,416,560	3,666,437	996,018	64,123	659,217	--	--	--	--	5,595,079	1,572,161	179,614	6,076,077
May 11..	3,392,003	670,227	205,006	5,198,368	3,391,495	1,162,368	116,918	474,639	--	--	--	--	6,783,498	1,832,595	321,925	5,673,007
May 18..	4,608,920	437,999	387,317	4,657,086	2,794,942	1,139,534	199,861	348,363	--	--	--	--	7,403,862	1,577,533	587,178	5,005,449
May 25..	4,918,339	324,533	351,661	3,976,939	2,348,687	970,395	42,308	788,500	--	--	--	--	7,267,026	1,294,928	393,969	4,765,439
June 1..	5,176,498	262,212	262,543	2,976,356	1,740,344	898,019	83,800	255,626	--	--	--	--	6,916,839	1,160,231	346,343	3,229,982
June 8..	4,168,774	108,799	581,449	2,211,440	1,498,370	672,110	115,883	176,814	--	--	--	--	5,667,144	780,899	675,142	2,388,254
June 15..	3,659,388	196,621	1,036,959	1,754,212	1,417,281	606,915	241,949	86,817	--	--	--	--	5,076,619	803,536	1,278,908	1,841,029
June 22..	3,227,472	217,452	1,690,435	1,341,324	1,048,581	525,737	327,624	90,625	--	--	--	--	4,276,053	743,189	2,018,059	1,431,749
June 29..	2,772,363	309,759	2,015,114	1,375,995	805,215	489,266	313,877	103,920	--	--	--	--	3,577,578	799,025	2,329,991	1,479,915

[fol. 651]

For corn, the showing is that in each of the years 1944, 1945 and 1946, the quantities in store during the first four months of the year were small as compared with 1943. In 1945, the May futures were closed out without defaults, but the quantity of deliverable grades was drawn down to less than 109,000 bushels early in June. There was some recovery to about 310,000 bushels in store at the end of June 1945, but there were defaults on the July future necessitating settlement by action of the Board of Trade. Also, the September future was prematurely closed out early in August by Chicago Board of Trade Regulation 1884, the reason ascribed being doubt that sufficient corn could be accumulated in Chicago by the end of September to satisfy the outstanding September contracts.

The year 1946 opened with very little corn of deliverable grades in store but with more than a million bushels of undeliverable grades in Chicago. (See Appendix Table 2.) The quantity of nondeliverable grades built up to more than 6,000,000 bushels in March, and it became possible to begin to make and accumulate deliverable grades in increasing quantities against the maturity of May contracts. Increase in the quantity of deliverable grades became very rapid after the Government began paying a premium of 30 cents per bushel for corn late in April.

The result was the accumulation of an unusual quantity of corn of deliverable grades in Chicago which rose to more than 5,000,000 bushels in federally licensed warehouses early in June. The bulk of this unusual accumulation, however, belonged to the Government, or was earmarked for preferred order deliveries to eastern buyers so that it was not available for delivery on futures. The corn supply situation actually was very precarious so far as supply for delivery on futures was concerned at all times, and after the May 13 ceiling price increase of 25 cents per bushel went into effect, no one, even though he might control some free corn in deliverable position in Chicago, would deliver it on the May future at the old ceiling price as ordered by the Chicago Board of Trade in its Regulation 1894. Furthermore, the Board stated specifically that it would give no consideration to increases in prices arising from the increases in ceiling prices in considering any penalties on defaults arising through failure of sellers to deliver on old futures contracts outstanding on May 11, 1946. There really was no chance of obtaining corn on May 1946 futures after the May 13 ceiling price increase and the close-out order of the Chicago Board of Trade.

Rye

Appendix Chart 6 and Table 3 deal similarly with the rye supply situation.

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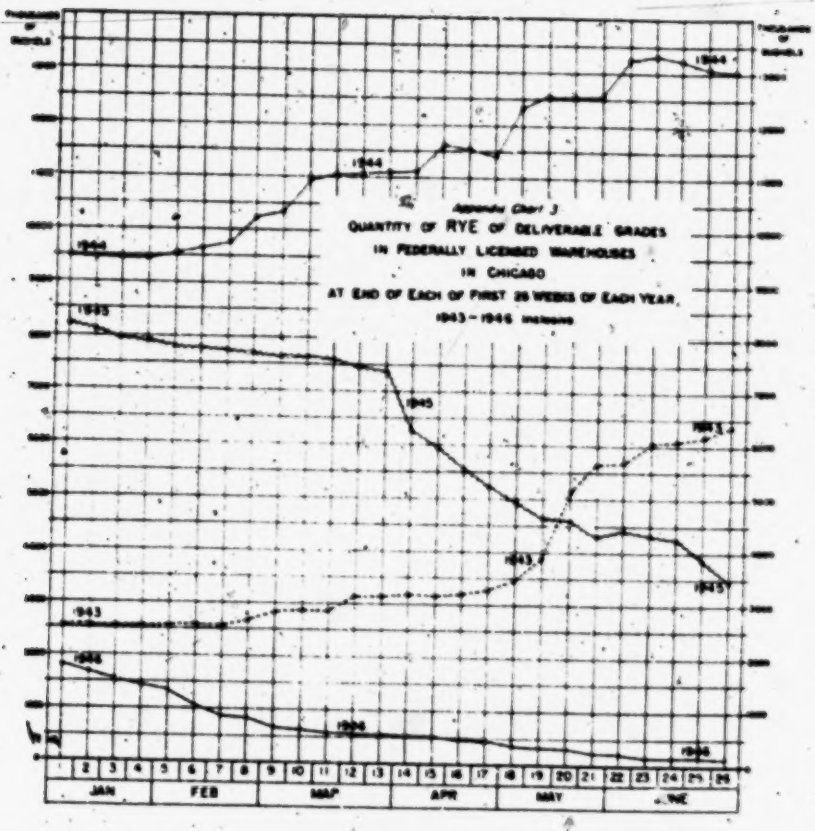
Appendix Chart 3
QUANTITY OF RYE OF DELIVERABLE GRADES
IN FEDERALLY LICENSED WAREHOUSES
IN CHICAGO
AT END OF EACH OF FIRST 26 WEEKS OF EACH YEAR,
1943 - 1946 inclusive
1944
1944
1945
1945
1943
1943
1946
1946
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26
JAN
FEB
MAR
APR
MAY
JUNE

[fol. 653]

APPENDIX TABLE III

RYE IN DELIVERABLE POSITION IN FEDERAL LICENSED WAREHOUSES IN CHICAGO - FIRST 6 MONTHS OF EACH YEAR, 1943 - 1946

Week of 1946 Ending	Deliverable Grades				Nondeliverable Grades				Total			
	1946	1945	1944	1943	1946	1945	1944	1943	1946	1945	1944	1943
January 5	1,816,211	8,236,690	9,487,525	2,506,849	116,525	317,302	319,465	1,152,134	1,932,736	8,553,992	9,806,990	3,658,983
January 12	1,699,313	8,105,885	9,472,000	2,521,986	197,535	279,122	317,290	1,129,983	1,896,848	8,385,007	9,789,290	3,651,969
January 19	1,553,606	7,970,383	9,454,613	2,519,686	128,530	189,050	309,269	1,122,945	1,682,136	8,159,433	9,763,884	3,642,631
January 26	1,472,137	7,970,383	9,438,307	2,514,086	129,017	189,050	306,405	1,120,162	1,601,154	8,159,433	9,744,712	3,634,248
February 2	1,345,266	7,834,094	9,503,813	2,547,407	65,040	254,771	194,957	1,100,341	1,410,328	8,088,865	9,698,750	3,627,748
February 9	1,043,803	7,789,947	9,637,000	2,515,071	20,303	258,517	205,435	1,103,971	1,063,906	8,048,464	9,842,435	3,619,042
February 16	898,074	7,748,980	9,751,688	2,541,798	30,654	269,083	536,854	1,069,678	928,728	8,018,043	10,288,542	3,611,476
February 23	836,372	7,721,731	10,209,189	2,844,144	30,051	273,914	533,652	890,861	866,423	7,995,645	10,742,841	3,535,005
March 2	689,221	7,697,383	10,374,619	2,818,890	50,852	273,164	347,895	953,673	740,073	7,970,547	10,722,514	3,752,563
March 9	619,178	7,859,182	10,928,574	2,878,051	33,998	273,165	381,070	1,068,386	653,176	7,932,347	11,309,644	3,936,439
March 16	558,643	7,697,830	11,027,850	2,881,636	51,542	251,710	568,942	1,418,905	590,185	7,849,540	11,596,792	4,300,541
March 23	567,848	7,462,980	11,098,961	3,156,027	39,557	328,084	741,681	1,717,971	567,406	7,791,064	11,830,642	4,875,998
March 30	527,557	7,282,783	11,104,915	3,168,538	19,543	396,392	819,162	1,679,629	547,100	7,779,175	11,924,077	4,848,167
April 6	517,557	6,283,440	11,156,423	3,189,443	20,877	305,642	842,713	1,648,517	538,434	6,589,082	11,999,136	4,837,960
April 13	508,177	5,971,808	11,634,116	3,165,491	23,791	288,915	598,139	1,649,958	531,968	6,260,821	11,962,257	4,815,449
April 20	494,138	5,529,057	11,527,167	3,203,194	5,864	277,187	371,167	1,620,254	500,002	5,806,244	11,898,334	4,823,448
April 27	475,277	5,199,617	11,466,798	3,273,726	7,111	207,510	486,167	371,167	482,388	5,407,327	11,954,965	4,875,053
May 4	387,806	4,852,341	12,390,660	3,443,769	12,748	230,541	361,290	1,522,533	400,554	5,182,882	12,751,950	4,966,302
May 11	306,195	4,679,812	12,521,052	3,570,597	11,732	218,157	414,973	1,269,499	317,930	4,897,969	12,936,025	5,140,096
May 18	301,848	4,529,381	12,824,322	5,144,780	5,089	224,810	351,566	964,507	307,911	4,954,191	12,905,877	6,109,287
May 25	212,613	4,310,432	12,538,995	5,668,529	3,515	140,428	318,427	740,346	216,128	4,450,860	12,857,417	6,408,875
June 1	205,510	4,437,763	13,265,606	5,697,965	99	181,924	255,113	908,161	205,609	4,619,287	13,516,719	6,606,146
June 8	167,407	4,380,280	13,298,055	6,055,162	---	163,547	210,322	808,386	167,407	4,543,787	13,502,377	6,861,548
June 15	129,839	4,295,400	13,215,119	6,097,337	---	212,563	227,409	684,126	129,839	4,497,963	13,442,528	6,781,463
June 22	124,698	3,891,189	13,098,323	6,162,145	---	287,310	201,487	859,538	124,698	4,178,499	13,297,810	7,021,683
June 29	108,113	3,476,087	13,068,769	6,339,084	---	359,468	187,[illegible]	900,707	108,113	3,835,523	13,225,868	7,239,771

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There was an unusual accumulation of rye of deliverable grades in federal warehouses in Chicago beginning in 1943 which built up to an abnormal total of over 13,000,000 bushels in June, 1934. This would mean that at the end of the 1943-44 crop year, over 30 percent of the five-year average crop of rye amounting to about 43,000,000 bushels annually from 1939 through 1943, was concentrated in Chicago at the end of the crop year. This quantity was forced to Chicago by speculative activity engendered by such facts as that the rye crop of 1943 was less than 30,500,000 bushels, and that it was the only grain not subject to ceiling price control in 1943.

During the first half of 1945, following a still smaller crop of 25,500,000 bushels in 1944, the quantity in store in Chicago, dwindled to less than 3,500,000 bushels. Following another small crop of 26,354,000 bushels in 1945, the quantity of deliverable grades decreased from 1,816,000 bushels at the beginning of 1946, and to 128,839 bushels on June 15. Since most of this small supply probably was owned by processors who would neither sell outright for cash nor deliver it on futures, the probabilities are that very little of the small supply in store would have been available for future delivery. Also at this time, new crop rye was not likely to become available for delivery on July future, for the reason that it was being withheld from normal marketing channels in anticipation of higher prices if price controls expired on June 30.

Barley

As shown by Appendix Chart 4 and Table 4, the statistics for barley of deliverable grades in federally licensed warehouses were sketchy in both 1943 and 1944. Only small quantities either of deliverable or nondeliverable grades were shown during January and February of 1944 and no deliverable grades were reported from early in March to the end of June. In 1945 there was a better supply of both deliverable and nondeliverable grades throughout the six months, and there was a sharp increase in deliverable grades in May. January 1946 started off with a quantity of deliverable grades comparable with that in store in 1945, but the quantity decreased rapidly through the second week of March, and disappeared altogether after the middle of May 1946. With no barley of deliverable grades in sight and no one willing to deliver barley on the May future at the old ceiling price, 302,000 bushels of May futures contracts were defaulted on May 31.

[fol. 655]

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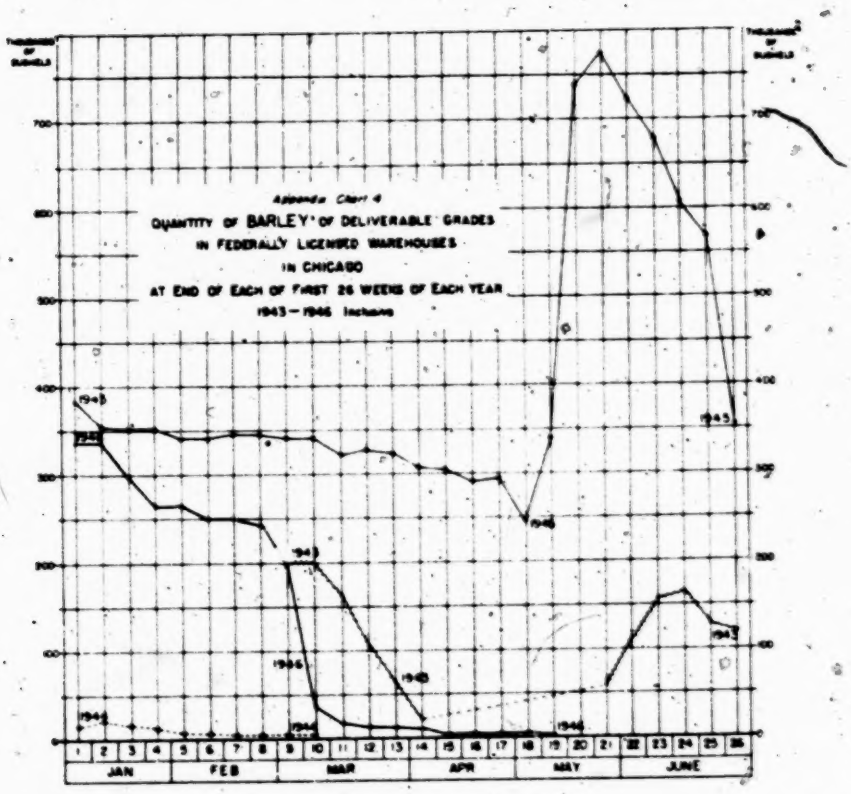
Appendix Chart 4
QUANTITY OF BARLEY OF DELIVERABLE GRADES
IN FEDERALLY LICENSED WAREHOUSES
IN CHICAGO
AT END OF EACH OF FIRST 26 WEEKS OF EACH YEAR
1943 – 1946 Inclusive
1943
1944
1945
1946
JAN
FEB
MAR
APR
MAY
JUNE

APPENDIX TABLE IV. BARLEY IN DELIVERABLE POSITION IN FEDERAL LICENSED WAREHOUSE IN CHICAGO - FIRST 6 MONTHS OF EACH YEAR, 1943 - 1946

Week of 1946 Ending	Deliverable Grades				Nondeliverable Grades				Total			
	1946	1945	1944	1943	1946	1945	1944	1943	1946	1945	1944	1943
January 5	338,617	386,608	15,000	---	41,227	186,170	37,185	43,079	379,844	572,773	52,185	43,079
January 12	338,617	355,567	20,000	---	40,292	214,214	29,066	47,015	378,909	569,771	49,066	47,015
January 19	299,194	351,123	17,791	---	40,906	222,131	6,270	52,006	340,099	573,254	24,061	49,086
January 26	267,711	351,123	11,791	---	48,269	222,131	8,960	53,502	315,980	573,254	20,751	53,502
February 2	267,711	343,663	6,905	---	51,766	138,730	9,501	56,204	319,477	542,393	16,406	56,204
February 9	250,311	343,663	2,905	---	46,361	190,920	26,459	59,714	296,672	534,583	29,364	59,714
February 16	250,311	347,390	2,905	---	46,361	178,422	38,474	60,607	296,672	525,812	41,379	60,607
February 23	245,309	347,379	2,905	---	38,617	173,239	47,155	51,747	283,926	520,618	50,060	166,083
March 2	197,027	341,379	2,905	199,972	50,207	169,976	48,466	42,727	247,234	510,355	49,371	242,699
March 9	36,961	341,379	2,905	199,972	61,252	148,495	49,905	42,727	98,213	489,874	52,810	242,699
March 16	19,582	321,517	---	182,327	62,231	155,892	48,305	34,123	81,813	477,209	48,305	196,450
March 23	13,182	326,139	---	106,413	62,231	145,996	49,133	18,608	75,413	472,135	49,133	125,021
March 30	13,182	322,139	---	67,851	62,231	147,286	44,625	35,461	75,413	469,425	44,825	103,312
April 6	9,582	306,139	---	22,100	62,231	146,753	37,986	52,107	71,813	452,892	37,986	74,207
April 13	1,297	304,139	---	---	61,828	147,780	32,404	50,288	63,125	451,929	32,404	50,288
April 20	1,297	292,566	---	---	61,828	108,407	30,843	57,701	63,125	400,973	30,843	57,701
April 27	1,297	294,062	---	---	61,828	107,641	26,617	48,331	63,125	401,708	26,617	48,331
May 4	1,297	245,962	---	---	54,745	117,798	19,936	52,554	56,042	363,760	19,936	52,554
May 11	963	339,307	---	---	51,440	23,582	15,174	42,628	52,403	365,889	15,174	42,628
May 18	---	739,179	---	---	47,403	23,170	14,917	119,512	47,403	762,349	14,917	119,512
May 25	---	775,778	---	63,771	45,737	29,516	15,911	29,154	45,737	805,294	15,911	92,925
June 1	---	723,400	---	112,202	43,969	57,612	9,580	28,409	43,969	781,012	9,580	140,611
June 8	---	678,307	---	154,711	43,969	64,068	10,037	24,611	43,969	742,375	10,037	179,322
June 15	---	607,807	---	166,918	40,789	78,399	10,037	223,125	40,789	686,206	10,037	390,043
June 22	---	569,583	---	128,252	37,355	89,109	10,037	284,437	37,355	658,642	10,037	412,689
June 29	---	351,614	---	120,023	7,374	107,256	7,562	244,309	7,374	458,870	7,852	364,332

[fol. 657]

Oats

The showing for oats of deliverable grades in 1943, 1944 and 1945 is characterized by stocks of less than 500,000 bushels of deliverable grades in store in Chicago's federally licensed warehouses at the beginning of each of the three years. April and May of each of the years 1943 and 1945 brought greatly increased supplies of deliverable grades followed by decreases after maturity of the May future. In 1944 the quantity of deliverable grades never was large, and it fell to less than 100,000 bushels in March and remained low throughout the months of April, May and June.

January 1946, however, started off with over 2,700,000 bushels of deliverable grades in store. The trend of deliverable grades in store was quite steadily downward from this high point to less than 100,000 bushels late in June. Nondeliverable grades in 1946 showed a similar downward trend as shown by Table 5. Oats were, in fact, the only grain in reasonably plentiful supply throughout the first six months of 1946. Yet on May 31, 5,514,000 bushels of May oats futures contracts were defaulted, largely for the reason that the ceiling price increase of 5 cents per bushel, effective on May 13, made oats worth up to 5 cents more per bushel on the cash tables than the old ceiling settlement price for May futures fixed by regulation of the Board of Directors of the Chicago Board of Trade, by Regulation 1894, adopted May 12, 1946.

[fol. 658]

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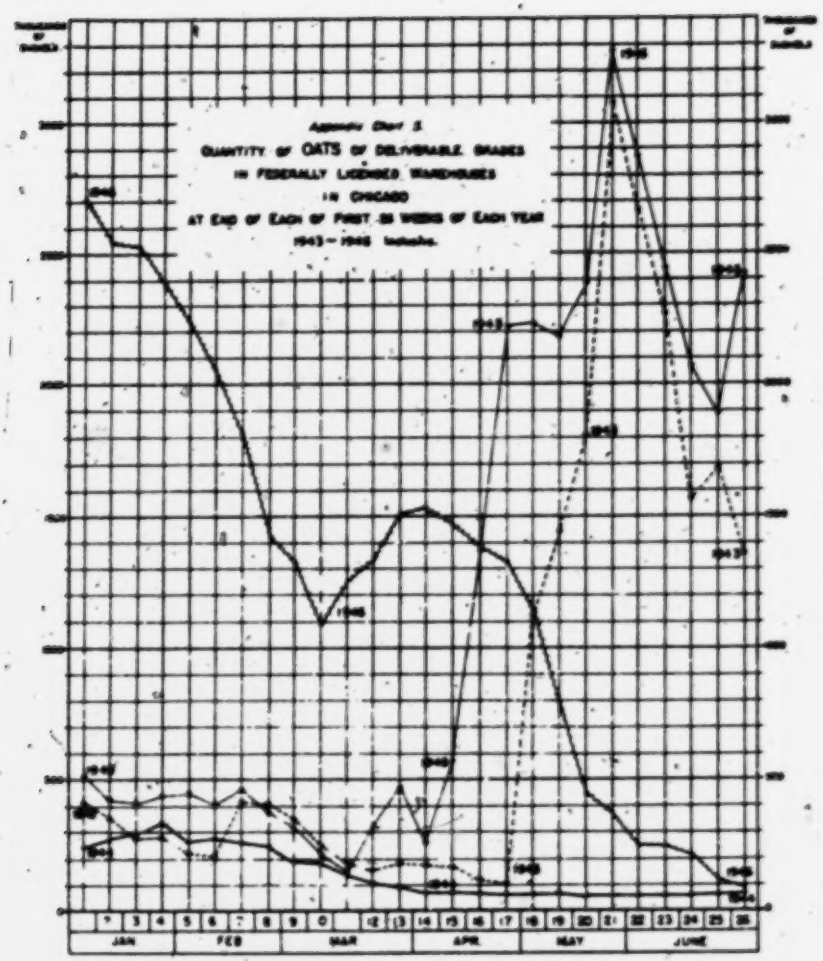
Appendix Chart 5
QUANTITY OF OATS OF DELIVERABLE GRADES
IN FEDERALLY LICENSED WAREHOUSES
IN CHICAGO
AT END OF EACH OF FIRST 35 WEEKS OF EACH YEAR
1943 – 1948 Inclusive.
JAN
FEB
MAR
APR
MAY
JUNE

[fol. 659]

APPENDIX TABLE V

DATE IN DELIVERABLE PUBLIC A IN FEDERAL LICENSE AREA SERVICE UNDER [illegible]

Week Ending	Deliverable Acres				Acreage Harvested				Total Insured Acreage			
	1945	1944	1943	1942	1945	1944	1943	1942	1945	1944	1943	1942
January 5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January 12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January 19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January 26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February 2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February 9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February 16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February 23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March 2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March 9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March 16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March 23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March 30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April 6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April 13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April 20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April 27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May 4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May 11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May 18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May 25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June 1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June 8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June 15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June 22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June 29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Chicago, Illinois, December 19, 1952

It appearing that the following named persons have been nominated by the judges of the Circuit Court of Cook County as Masters in Chancery of this court for the term of two (2) years commencing the first day of December, A. D. 1952, and ending on the thirtieth day of November, A. D. 1954: Albert M. Sheppard to succeed Max M. Korshak and Harold E. Sullivan to succeed himself.

THEREFORE, we the undersigned judges of the Circuit Court of Cook County hereby approve and appoint the following named persons: Albert M. Sheppard to succeed Max M. Korshak and Harold E. Sullivan to succeed himself as Masters in Chancery of this court for the term of two (2) years commencing the first day of December, A. D. 1952, and ending on the thirtieth day of November, A. D. 1954.

We further direct that the Chief Justice of this court enter an order accordingly.

STATE OF ILLINOIS }
COUNTY OF COOK } SS.

CIRCUIT COURT OF COOK COUNTY

In the matter of the appointment of Masters in Chancery.

It appearing that a majority of the judges of the Circuit Court of Cook County signified in writing their approval of the nominations of Albert M. Sheppard to succeed Max M. Korshak and Harold E. Sullivan to succeed himself as Masters in Chancery for the Circuit Court of Cook County, and directed the Chief Justice to enter an order appointing the said Albert M. Sheppard to succeed Max M. Korshak and Harold E. Sullivan to succeed himself as Masters in Chancery for the Circuit Court of Cook County for the term of two years commencing the first day of December, A. D. 1952.

IT IS, THEREFORE, ORDERED that the said Albert M. Sheppard and Harold E. Sullivan be, and they are hereby, appointed Masters in Chancery for the Circuit Court of Cook County for the term of two years commencing the first day of December, A. D. 1952.

Chief Justice.

Chicago, December 19, 1952.

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[fol. 662]

State of Illinois, }
County of Cook. } ss.

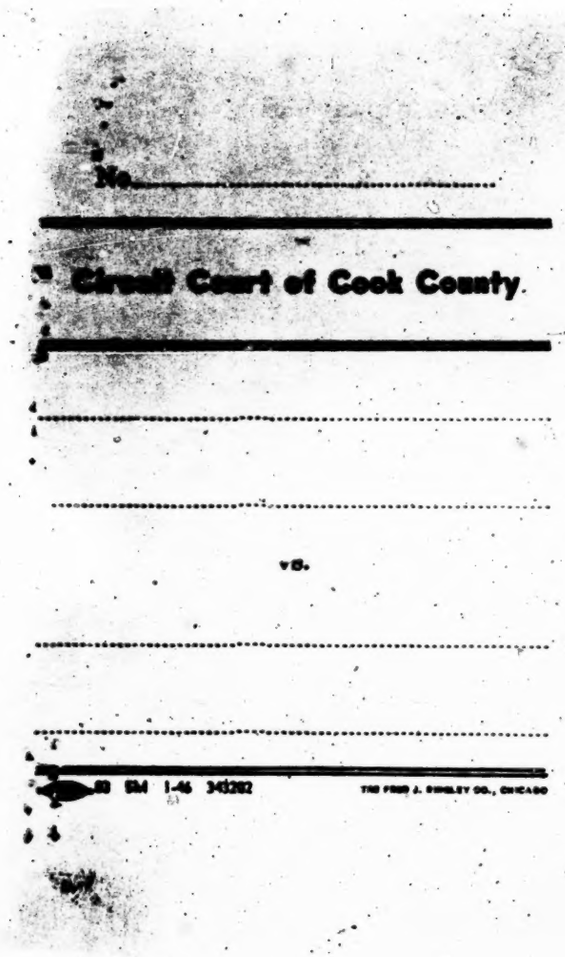
I, JOHN E. CONROY, Clerk of the Circuit Court of Cook County, and the keeper of records and files thereof, in the State aforesaid, do hereby certify the above and foregoing to be a true, perfect and complete copy of a certain order entered by the Chief Justice, William J. Tuohy, on the 19th day of December A.D. 1952.

In Witness Whereof, I have hereunto set my hand and affixed the Seal of said Court, at Chicago, in said County, this 23rd day of September 1953

Francis X. Connell Clerk.

Form 388

[fol. 663]



[fol. 664]

DEFENDANTS' EXHIBIT 94

HAROLD E. SULLIVAN
ATTORNEY
7 SOUTH DEARBORN STREET
CHICAGO 3

MASTER IN CHANCERY
CIRCUIT COURT

FRANKLIN 2-3232

September 7, 1950

Mr. James B. Mc Cahey,
Morrison Hotel,
Chicago, Illinois

In re: The Shotwell Mfg. Co.,
3501 W. Potomac Ave., Chicago, Ill.

Dear Jim:

You will recall that I talked with you some time ago pertaining to an apparent claim of the Government for income tax due for the years 1944, 1945 and 1946 from The Shotwell Mfg. Co.

I do not have the figures before me at the present time, but I know that sometime during these years we deemed it necessary to violate the OPA Regulations to get additional chocolate, sugar, corn syrup, etc., in order to stay in business, and a full disclosure was subsequently made in connection with these matters.

In June 1948 a special agent of the Internal Revenue Office, Charles Mammel, visited our factory to make an investigation in furtherance of disclosures heretofore made to them. The Executives and employees of the company have been instructed to cooperate in every way with the agent making this investigation, and I believe that these instructions have been carried out.

I cannot help but feel that the time has arrived when this investigation should be completed and, if necessary, a tax levied. I am certain that 2½ years of this continuous inves'igation should be sufficient.

As I also informed you, I not only represent the company, but I am an officer of the company as well. Maybe that old saying applies here: "He who represents himself has a fool for a client." Be that as it may, I am almost positive that were I acting only in the capacity of a lawyer, I would have insisted that this matter be brought to a close before now. So, maybe I should be criticized.

I represented Shotwell for the past 20 years, and it was not until 1942 that I became financially interested in the company. For 10 years previous to the time that I became associated with the company the total volume of business done was not in excess of $11,000,000, without profit, and naturally no tax was paid to the United States Government.

Since 1942, up to and including the year 1949, a total volume of business done by the company was in excess of $42,000,000, and during that period of time an income tax was levied and paid in the amount in excess of $2,700,000.

[fol. 665] I just give you these figures to let you know that a considerable amount has been paid in the way of income tax to the Government, and if it were not for the fact that we did do certain things that perhaps were in violation of the OPA, the Government would never have collected that amount of money.

I am open for suggestions as to how to bring this matter to a head.

Sincerely yours,

HES.o

[fol. 666]

DEFENDANTS' EXHIBIT 95

DEPARTMENT OF STATE
WASHINGTON

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D. C.
(Emblem)

In reply refer to
C130-Lubben, David George

September 30, 1953

Mr. Alan Y. Cole,
927 Fifteenth Street, Northwest,
Washington 5, D. C.

Mr. dear Mr. Cole:

The Department acknowledges the receipt of an order of the District Court of the United States, Northern District of Illinois, Eastern Division, dated September 29, 1953 to the effect that certain information is required from the passport file of David George Lubben for the use of your clients.

It appears from the Department's records that American passport No. 260684 was issued on August 6, 1948 to David George Lubben upon the basis of an application which he executed on August 3, 1948 and in which he stated, in effect, that he intended to leave the United States on September 10, 1948 by ship out of New York for travel to nearly all countries of the Western Hemisphere to locate and contract for new items to be sold to a syndicate of stores. He further stated that he intended to remain abroad for a period of six months and that he had never had a prior passport.

The above-mentioned passport was renewed on November 22, 1950 for travel to the British Honduras, and Brazil for

business purposes. The renewed passport was valid until August 5, 1952.

[fol. 667] The Department does not keep records of the dates upon which American citizens depart from or enter into the United States.

Photostatic copies of the above-mentioned passport and renewal applications are being prepared and will be made available to you.

Sincerely yours,

/s/ R. B. SHIPLEY

R. B. Shipley,
Director, Passport Office

DEPARTMENT OF STATE

PASSPORT APPLICATION

FORM FOR NATIVE CITIZEN

(Revised to 1927)

Execute and attach PART TWO if members of family are to be included in passport

UNITED STATES OF AMERICA

STATE OF .....

COUNTY OF .....

I, ... (Name in full), a CITIZEN OF THE UNITED STATES, do hereby apply to the Department of State, at Washington, for a passport. I solemnly swear that I was born at ..... (Town or city) ..... (Province or county) ..... (State or country) on the ..... (Date)

I am domiciled in the United States, my permanent residence being at ..... (Street address) in ..... (Town or city), State of .....

I have resided outside the United States as follows:

(State names of, and period of residence in, each foreign country)

..... from ..... to .....

..... from ..... to .....

(Names of countries)

My father, ...

on or about .....

My father emigrated to the ..... (Year) resided ..... years continuously in the United States before the ..... at ..... (City) ..... as a citizen of the United States.

My mother, ...

on or about .....

My mother emigrated to the ..... (Year) resided ..... years continuously in the United States from ..... to ..... by .....

DESCRIPTION OF APPLICANT

Height ..... feet, ... inches.

Hair .....

Eyes .....

Distinguishing marks or features .....

Name or firm by which applicant may be identified .....

Place of birth ..... (City and State)

Date of birth ..... (Month, day and year)

Occupation .....

MAILING ADDRESS

(Print complete address plainly)

(Do not use this space)

18714

My last American passport was obtained from .....

and is submitted herewith for cancellation

ISSUED
AUG 9 1948
DEPARTMENT OF STATE

130

(To be printed on fold by applicant for passport.)

DEFENDANT'S EXHIBIT 95B

[fol. 693]

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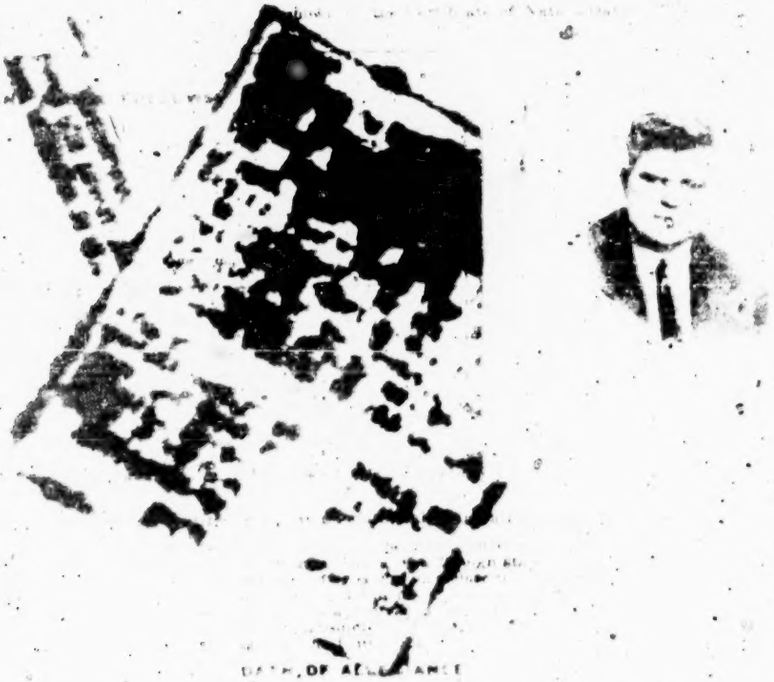
A WOMAN APPLICANT WHO IS OR HAS BEEN MARRIED MUST FILL IN



[fol. 670]

DEFENDANTS' EXHIBIT 96

TREASURY DEPARTMENT
Bureau of Internal Revenue
Washington 25, D. C.

Revision of Address by J. P. Wenchel entitled "Tax Frauds and Voluntary Disclosures".

The following corrections and insertions should be made in the text of the address prepared by J. P. Wenchel, Chief Counsel of the Bureau of Internal Revenue, for delivery before the Tax Executives Institute in New York on May 14, 1947:

1. On Page 3, the first line should read "their estates were".

2. On Page 3, after the first paragraph, which closes with the words "take it with them," insert the following:

"One thing the tax-evader seems never able to appreciate is that in these days of high taxes there is always someone comparing his income with his own and wondering how he's able to live as well as he does and still pay his taxes. He doesn't seem to know that there has been on the statute books since 1867 a provision of law which authorizes the Commissioner to pay for information leading to the discovery and recovery of additional revenue. The Act of March 4, 1867, now carried in the Internal Revenue Code as Section 3792, encourages informers, and the informer runs the complete scale from disgruntled employees to discarded wives. One of the most interesting cases of the latter sort occurred recently when a wife appeared before the Chief of the Intelligence Unit of the Bureau and stated that she wished to inform against her husband for evading his income tax. She was asked whether she had anything more than a suspicion and she replied that she certainly did. Upon being pressed, she stated he had cheated on everything else, including her, and that

it was inconceivable that he had not cheated the Government. Another interesting case occurred when one of two partners, having had a falling out over some finances, appeared before a special agent and stated he wished to inform against his partner who had been evading his income tax. Upon questioning, the revenue agent quickly discovered that not only had the partner informed against evaded his income tax but the informer had also evaded his, and, furthermore, that both had connived together to evade the income tax of the partnership."

3. On Page 4, the last full paragraph should be corrected to read as follows:

"Turning to the civil sanctions for the protection of the revenues, although a voluntary disclosure may relieve a taxpayer of criminal prosecution, it will not necessarily relieve him of the civil penalty for fraud. The Department may insist upon the maximum * * * (resuming the remainder of the paragraph as originally written)."

4. On Page 4, after the last full paragraph, which closes with the words "added to the tax.", insert the following:

[fol. 671] "This is true even for the year 1942, the year of forgiveness, under Section 6 of the Current Tax Payment Act of 1943 and no part of the tax for 1942 is forgiven. Under Section 6 of the Current Tax Payment Act of 1943, it is expressly provided that the discharge of the tax for the year 1942 as therein provided shall not be applicable in any case in which the taxpayer is convicted of any criminal offense with respect to the tax for 1942 or in which additions to the tax for the taxable year 1942 are applicable by reason of fraud. Therefore, the practical result of fraud in the year 1942 return brings about not merely a 50 per cent penalty but a penalty in astronomical figures."

[fol. 672]

TREASURY DEPARTMENT
Bureau of Internal Revenue
Washington 25, D. C.

(The following address by J. P. Wenchel, Chief Counsel of the Bureau of Internal Revenue, was prepared for delivery before the annual dinner of the Tax Executives Institute at the Waldorf-Astoria hotel in New York City at 10 p.m., Eastern Daylight Saving Time, May 14, 1947, and is for release at that time.)

TAX FRAUDS AND VOLUNTARY DISCLOSURES

I want to say a few plain words tonight about tax frauds and voluntary disclosures by repentant taxpayers.

I think this subject is particularly important to this audience whose declaration of principles are: "The Tax Executives Institute stands for the practice of the highest ethical standards in the administration of tax accounting and procedure in the preparation of tax returns, reports and other presentations toward the establishment of confidence by management and tax authorities and to assist its members in their many problems of taxation. The Tax Executives Institute hereby dedicates itself to the observance of these principles."

I think this subject is important to our radio listeners as well because—sooner or later—the honest taxpayers must make up the revenues that the cheat evades.

At the outset, let me make it clear that the tax laws define two entirely different kinds of tax fraud. One is criminal. The other is civil. Of course, a person may be guilty of both.

But if you keep this distinction in mind, you will be able better to understand the Treasury's policy of encouraging the repentant taxpayer to clear himself without criminal punishment, even though he may be required to pay his taxes plus a civil money penalty for his fraud upon the government.

Happily, by far the majority, of course, recognize their obligations and to the best of their ability fulfill them.

There is, however, that cross section which, while percentagewise may be small, bulks large in the work of the Department, particularly now, as well as during the war years. With record billions in cash in circulation and high rates of tax, the temptation, and it is simply that, has been strong. Regrettably, too, tax frauds have not been, and are not, confined to a class. The sorry picture is, and you have seen it particularly the last few years in your own newspapers, that all too many in every line of endeavor have been trying to bilk the country.

The cases run the gantlet and some of them are fantastic. At one end are the New York candy manufacturers who diverted 25 million pounds of sugar for soft drink purposes and then decided not to pay their taxes. They were caught. There are two interesting sidelights on that case. First, the 25 million pounds of sugar were the equivalent of a two-weeks' wartime ration for every person in the country. Second, the sugar was obtained under the guise that it was being used in the manufacture of foodstuffs for Army and Navy hospitals.

[fol. 673] Then there is the doctor from Georgia whose case always appealed to me. He sent in a return for one year to which he attached a statement that while he did not owe any taxes he felt the country had been so good to him he should make a contribution. He ended up by making *quite* a contribution because at the same time he claimed he owed the government nothing, he in fact owed thousands.

Even the tattooing business skyrocketed during the war. One Hawaiian engaged in that business paid a young Japanese ten dollars to show him a simple method of understating income. The method? Drawing a line halfway down the true record of receipts and reporting only that amount above the line for tax purposes.

In another case, our examining officers personally observed the owner of a restaurant making alterations in her records. The original figures were clearly revealed when photographed under infra-red ray lamp. Although reporting a modest income, she had invested thousands of dollars in antiques, single premium life insurance, and a home and decorations.

Two brothers living in northern Ohio were "big-time" gamblers. Their illegal activities for years had gone virtually unchecked. A statement submitted with their pleas of guilty offered mitigating circumstances—the death of a bookie with whom they had placed bets on behalf of a local banker. The entire tax evasion resulted from sums the brothers had received in horse race bets from the banker, and involved several hundred thousand dollars. The Judge was so amazed that he remarked he had thought such cases happened only on radio programs.

Looking back over the welter of cases, I have been continually struck with the essential stupidity of the evader.

It's much like a school of fish swimming upstream. Each one pops up his head with what must appear to him as being an original method and quite foolproof. As a matter of fact, we've seen nothing new in the devices employed. All are merely variations of the same old themes. Maybe larger, perhaps more grandiose, but the patterns are the same with only slightly changed overtones.

What can the man do who attempts to evade his just taxes?

If he keeps a record, he is immediately in a dilemma, for once something is written down, curiously enough, some day and in some way that record, or copies, will turn up in the wrong hands. Once something goes down on paper, complications always set in. If a man keeps a wrong record, he must keep a correct one, too, and it is then only a question of time until trouble begins to boil. Witness the gentleman from one of our Southern states, once started, who was forced to end up keeping one set of records for his partnership, one for the Old A, one for Internal Revenue, one for his partner, and, finally, one for himself. He literally became lost in the morass of his own paper work.

If he keeps no record, then he deals in cash—a favorite form of attempted tax dodging. It is favored because it appears to leave no trail. The converse is actually the case. It is as true today as it always has been that money can either be spent or allowed to rot. Once it is begun to be spent, it leaves a trail, and our agents can and do follow every trail. If it rots no one is advantaged.

Let me give you an example which occurred just a few months ago on the West Coast. Two big-time gamblers had spent several years dodging the tax collector. We had reason to be suspicious that they weren't paying their taxes, [fol. 674] and they knew we were suspicious. Eventually both died. But when their estate was handed over to a reputable attorney for handling on behalf of their heirs, he found by means of sealed instructions and reported to us, over $2,000,000 that the gamblers had buried in the ground. Their cheating of the government never did them any good. They never felt safe to spend the money, and they couldn't take it with them.

Quite simply, attempted evasion is a disease, and a disease that has to be fought with strong remedies. That is why, once criminal fraud is discovered by our examining officers, the Federal Government is unbending and relentless. The law requires the prosecution of the tax evader and that is what the Department recommends to the Attorney General.

There is one important exception to that. The Department has broad discretionary power long recognized by the Congress to determine the policy and procedure for the effective enforcement of the internal revenue laws. The Department, acting under that power, does not recommend prosecution of the evader who repents in time. There is nothing new in the position. For years the position of the Department has been that where the taxpayer makes a voluntary disclosure of intentional evasion before investigation has been initiated, criminal prosecution will not be recommended.

The Department has always encouraged voluntary disclosures.

And what is a voluntary disclosure? A voluntary disclosure occurs when a taxpayer of his own free will and accord, and before any investigation is initiated, discloses fraud upon the government.

Healthy administration of the internal revenue laws long ago dictated that policy, and I believe that its worth is obvious.

The making of a voluntary disclosure is a simple thing. The taxpayer or his legal agent can go before any official of the Bureau of Internal Revenue or any of its field offices —whether it is the Collector, a Deputy Collector, a Revenue Agent, a Special Agent, or any other responsible Treasury officer. There is no special form for making the disclosure. The simple statement that "I have filed false tax returns and I want to make the government whole," would constitute a complete disclosure. Of course, it is usually best to present an amended return or other written document as evidence of the disclosure. If possible, the disclosure should be accompanied by payment of the tax which is known to be due, but this is not a prerequisite.

What kind of people make disclosures? They are all kinds. Some are people who are honestly repentant. Others are people who would rather sacrifice their ill-gotten gains than go to jail. Some are small people. Others are large corporations.

We had a good illustration recently in the midwest. A large produce concern, that had enriched itself on war contracts to help feed the army, came to see the light. It made a complete statement to our local officials and paid $1,765,000 in taxes, interest and civil penalties in order to clear its record and to keep its officers out of jail.

We have had voluntary disclosures from black market meat and car dealers. We have had similar repentances from people in all walks of life. Of the $3,000,000,000 collected from taxpayers within the past eighteen months as a result of the current drive against tax evaders, $500,000,000 has been paid on voluntary disclosures.

[fol. 675] Now we have said that in order to be considered voluntary, a disclosure must be made before we have initiated an investigation in the case. Therefore, it is essential that we define "the initiation of an investigation."

The mere record of a name does not mean that an investigation has been initiated. The fact is that examining officers throughout the country have thousands of names or possible leads. To deny the existence of a voluntary disclosure merely because we have a name, would be comparable to regarding the telephone book as a dossier of tax evaders.

> An investigation is initiated when a Special Agent, an Internal Revenue Agent, a Deputy Collector, or other Bureau officer, is assigned a return for examination, or where an investigating officer has requested advice of appropriate officers of the Bureau with respect to the filing of a return or the payment of taxes.

The time of disclosure and the time an investigation begins are, therefore, matters which can be ascertained with complete objectivity and certainty, thus protecting both the government and the taxpayer from decisions based on guess-work or other vague circumstances. To assure adherence to this principle, the Bureau stands ready at all times where a dispute may arise as to the time of a disclosure and the time an investigation was initiated to open its records in that regard.

We are not concerned with the motivating force behind an individual's deciding to come in and talk to us about his evasion. If he "gets religion" before we have done anything, he will not be prosecuted.

Before we leave this subject, let me make one thing clear. When we excuse a man from criminal prosecution because of his voluntary disclosure, we are not in any sense condoning his action. Nor are we letting anyone off easy. At the outset, I mentioned that there are two kinds of fraud, criminal and civil. Voluntary disclosure excuses a man from criminal punishment, but it does not excuse him from the civil penalties. Therefore, the public revenues and the public conscience are both protected by this policy.

In excusing the man from criminal prosecution, we are merely taking a sensible step to produce the revenue called for by law with the minimum cost of investigation. The man who makes a voluntary disclosure saves us a lot of money in investigating. In return, we can spare him a term in jail. This is good business from his standpoint and it is good business from the government's standpoint.

Turning to the civil sanctions for the protection of the revenues, although a voluntary disclosure will relieve a taxpayer of criminal prosecution, it will not relieve him of the civil penalty for fraud.[1] The Department insists upon the

[1] Statement of former Secretary Vinson, August 21, 1945, quoted in (April 1947) 25 Tax Magazine 293.

maximum civil penalties.[2] Section 293(b) of the Internal Revenue Code provides that, if any part of any income-tax deficiency is due to fraud with intent to evade tax, a penalty of 50% of the deficiency shall be added to the tax.[3]

Since the penalty is measured by the additional tax, no civil penalty can result from fraud unless there is a deficiency. If there is a deficiency, the 50% penalty attaches to its entire amount, if any part of it involves fraud.[4] In [fol. 676] fact, the penalty reaches back and applies to the entire additional tax which may have been paid, above that shown on the return, and is not limited to 50% of the deficiency shown in the deficiency notice.[5] Even if the taxpayer has paid the entire additional tax, further deficiency may be asserted consisting solely of the fraud penalty.[6] The 50% fraud penalty and the 25% penalty for delinquent filing of the return[7] may both be assessed, making a total penalty of 75%, if both fraud and delinquency are present.[8] On the other hand, the fraud penalty and the 5% negligence penalty[9] are mutually exclusive, and the fraud penalty alone applies if any part of the deficiency was due to fraud, even if another part was due to negligence.[10] Nevertheless, since an act which appears fraudulent may be found to have been merely negligent, it is not uncommon for the Commissioner to assert a negligence penalty as an alternative in the event that the fraud should not be established.[11] It appears, how-

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[2] Comparable penalties are found in section 1019 (b) for gift tax and in section 3612 (d) (2) for all other taxes.

[3] *Duffin* v. *Lucas* (C.C.A. 6th, 1932) 55 F. 2d 786, 798; I.O. 1028, 2 C.B. 233.

[4] *Maitland A. Wilson* (1946) 7 T.D. 395.

[5] *Thomas J. McLaughlin* (1933) 29 B.T.A. 247; Sol. Op. 52, 3 C.B. 290.

[6] Int. Rev. Code sec. 291.

[7] *Pincus Brecher* (1933) 27 B.T.A. 1108, 1110.

[8] Int. Rev. Code sec. 293 a).

[9] I. O. 1028, 2 C.B. 233.

[10] See *Thomas J. McLaughlin* (1933) 29 B.T.A. 247, 250; *Lucian T. Wilcox* (1941) 44 B.T.A. 373, 378; *Mabel Green* (1938) P.H. Memo. Dec. par. 38,213.

ever, that the courts will not of their own motion determine a negligence penalty when the Commissioner has asserted only fraud.[1]

It is impossible to lay down a general definition of fraud for purposes of applying the civil penalty. Mere negligence is not enough, of course, nor is ignorance or error of law.[2] It is not enough that the taxpayer was engaged in a generally fraudulent transaction, such as a fraud on his employer; an intent or purpose to evade tax is essential.[3] A corporation may be held responsible for the fraud of its officials, committed in its behalf; and its responsibility continues notwithstanding their death[4] or withdrawal from its business affairs.[5] Similarly, an individual taxpayer cannot insulate himself against liability for fraud by delegating the preparation of his return to others,[6] the issue in such cases being essentially one of the taxpayer's good faith.[7] The latter aspect is likewise stressed in the related problem of reliance upon the advice of counsel. While normally if a taxpayer acts upon the advice of reputable counsel, he will not be held liable for fraud penalties;[8] nevertheless,

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[1] *Duffin v. Lucas*, (C.C.A. 6th, 1932) 55 F. 2d 786, 798-9; *American Ideal Cleaning Co.*, (1934) 30 B.T.A. 329; *James Nicholson*, (1935) 32 B.T.A. 977, 989, aff'd on other points (C.C.A. 8th, 1937) 90 F. 2d 978.

[2] 10 Mertens, Law of Federal Income Taxation sec. 55.11.

[3] *National City Bank v. Helvering*, (C.C.A. 2d, 1938) 98 F. 2d 93, 96.

[4] Mertens, *supra*, sec. 57.36; *Hood v. Allen*, (M.D. Ga. 1941) 29 A.F.T.R. 1375.

[5] *L. Schepp Company*, (1932) 25 B.T.A. 419.

[6] *The Epic Corn Cob Bottling Co.*, (1925) 1 B.T.A. 531.

[7] *M. Rea Gano*, (1930) 19 B.T.A. 518, 533; *Est. of E.A. Wickham*, (1931) 22 B.T.A. 1393, aff'd. (C.C.A. 8th, 1933) 65 F. 2d 527.

[8] *Griffiths v. Comm'r*, (C.C.A. 7th, 1931) 50 F. 2d 782; *Gutterman Straus Co.*, (1925) 2 B.T.A. 433; *M. Rea Gano, supra*; *Est. of E.A. Wickham, supra*.

[9] 10 Mertens, Law of Federal Income Taxation, Sec. 55.27; *Jemison v. Comm'r*, (C.C.A. 5th, 1930) 45 F. 2d 4.

in such cases, it must appear that he conveyed complete and accurate information to his counsel.[20]

The fraud which incurs a civil penalty may be a less serious matter than that for which criminal prosecution is instituted, and there are many cases where the civil penalty alone is asserted. But the mere fact that criminal penalties are imposed does not relieve a taxpayer of the civil penalty. [fol. 677] The Supreme Court has held that the purpose of the civil fraud penalty is not punishment but is primarily to safeguard the revenue and to reimburse the Government for the heavy expense of investigation and for the loss resulting from the fraud.[21] Therefore, the taxpayer's right not to be subjected to double jeopardy is not violated by the imposition of the civil fraud penalty after a prosecution for tax evasion, whether the taxpayer was convicted[22] or acquitted of the crime.[23] Conversely, the imposition of the civil penalty is no barrier to subsequent criminal prosecution.[24]

An acquittal on the criminal charge of tax evasion is not *res adjudicata* with respect to the civil penalty, since the required degree of proof to sustain the criminal charge is greater than for the civil penalty, and the acquittal establishes, not that there was no fraud, but only that it was not proved beyond a reasonable doubt.[25] Further, such an acquittal is not, in a civil case, admissible evidence of the taxpayer's freedom from fraud.[26]

Whether a judgment of conviction for criminal evasion is admissible evidence of fraud in a civil tax case, is a matter

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[20] *E. M. Green* (1928) 11 B.T.A. 278; *Grover C. Blumer* (1931) 23 B.T.A. 1045.

[21] *Helvering* v. *Mitchell* (1938) 303 U.S. 391, 401.

[22] *Hanby* v. *Comm'r* (C.C.A. 4th, 1933) 67 F. 2d) 125.

[23] *Helvering* v. *Mitchell, supra.*

[24] *Slick* v. *United States* (C.C.A. 7th, 1924) 1 F. (2d) 897.

[25] *Helvering* v. *Mitchell, supra,* at page 397.

[26] *William R. Scharton* (1935) 32 B.T.A. 459, 464; *cf. Stone* v. *United States* (1897) 167 U.S. 178, 184.

upon which we have no case law. As a matter of principle, the weight of authority at the common law, as developed in our state jurisdictions, appears to be opposed to the use of criminal convictions as evidence in civil cases of the facts on which they were based.[27] On the other hand, a respected author has suggested, not only that a conviction should be admissible evidence, but, as well, that it should be considered *res adjudicata* in a civil action based upon the same facts, since the parties are the same and the facts would have been proved beyond a reasonable doubt in the criminal action.[28] The application of *res adjudicata* in the instant situation may be questioned, however, in that the issue involved in a criminal charge of "willfully" attempting to "evade and defeat" the tax may not be an issue identical with the civil "fraud" which must be proved in a penalty case.[29]

Whatever may be the law with respect to the admissibility and effect of a conviction, as such, there is no doubt that if the taxpayer entered a plea of guilty in the criminal case, it may be introduced in a civil case involving fraud penalties upon the theory that it constitutes an admission tending to prove, not the amount of the penalty or tax, but the fraudulent nature of his conduct.[30] On the other hand if a taxpayer pleads *nolo contendere* in the criminal case, it is an admission only for the purpose of that case, and may not be used against him in a civil proceeding involving the same act.[31]

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[27] 30 American Jurisprudence, Judgments secs. 290, 293; see annotations in 31 A.L.R. 262, 57 A.L.R. 594, 80 A.L.R. 1145, and 130 A.L.R. 690.

[28] 2 Freeman on Judgments (5th Ed.) sec. 657.

[29] *Helvering* v. *Mitchell*, *supra*, the question was expressly referred to at page 398, but a decision thereon was avoided. *Cf. United States* v. *Scharton* (1932) 285 U.S. 518.

[30] *Thomas J. McLaughlin* (1933) 26 B.T.A. 247, 249; *Agnassis Karger* (1938) 38 B.T.A. 209, 219; *Caldwell* v. *Commissioner* (C.C.A. 5th, 1943) 135 F. (2d) 488.

[31] *Barnsdall Refining Co.* v. *Birnamwood Oil Co.* (E.D. Wisc. 1940) 32 F. S. 308, 312; *Berlin* v. *United States* (C.C.A. 3rd, 1926)

[fol. 678] The difference between the civil and criminal penalties is emphasized by the difference in the procedure for their enforcement. The civil fraud penalty is assessed and collected in the same manner as a deficiency in tax, rather than through a criminal proceeding. The penalty is included in a deficiency notice, and if the taxpayer wishes to test its validity before payment he must do so in the Tax Court,[32] where, of course, the right of trial by jury and the other features of criminal procedure do not apply.[33] The taxpayer may not enjoin the collection of a civil fraud penalty duly assessed, any more than collection of the tax itself may be enjoined.[34] If he desires a jury trial on the issue of fraud, he must first pay the tax and penalty and then bring suit in the district court for refund.

The procedure respecting the civil penalty is also unlike a criminal proceeding in that it is not necessary for the Commissioner to prove fraud beyond a reasonable doubt.[35] In fact, prior to 1928, the Board of Tax Appeals attached to the fraud penalty the same presumption of correctness that attaches to other determinations of the Commissioner and placed the burden of disproving fraud on the taxpayer,[36] although there were decisions even under that prior law to the effect that fraud is never presumed and that the Commissioner had the burden of proving it.[37] The Revenue Act of 1928[38] expressly placed the burden of proof on the

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14 F.(2d) 497; *Fidelity-Phenix Fire Insurance Co. of New York* v. *Murphy* (Ala. 1936) 166 So. 604; *White et al.* v. *Creamer et al.* (Mass., 1900) 56 N.E. 832; *People* v. *Daibock* (N.Y. 1934) 191 N.E. 859. *Cf. Hudson et al.* v. *United States* (1926) 272 U.S. 451.

[32] *Gutterman Strauss Co.* (1924) 1 B.T.A. 243, 246.

[33] See *Helvering* v. *Mitchell*, *supra*, at 401-404.

[34] *McDowell* v. *Heinz* (W.D. Pa. 1925) 9 F.(2d) 120, aff'd (C.C.A. 3d, 1926) 15 F.(2d) 1015, cert. denied (1926) 273 U.S. 759.

[35] *Helvering* v. *Mitchell*, *supra*, at 403; *William E. Mitchell* (1939) 40 B.T.A. 424, 448.

[36] *Desmond's Inc.* (1929) 15 B.T.A. 738, 755.

[37] *Budd* v. *Comm'r* (C.C.A. 3d, 1930) 43 F.(2d) 509; *Jemison* v. *Comm'r* (C.C.A. 5th, 1930) 45 F.(2d) 4.

[38] Sec. 601; now Int. Rev. Code sec. 1112.

Commissioner "in any proceeding involving the issue whether the petitioner has been guilty of fraud with intent to evade tax." The cases hold that it is not enough for the Commissioner to prove fraud by a preponderance of the evidence. The evidence of fraud must be "clear and convincing." That requirement does not, of course, preclude establishing fraud by circumstantial evidence.[39] It is the duty of the court to draw all reasonable inferences from the facts which are proved;[40] and to resort to the entire record in determining fraud regardless of which party actually produced the evidence.[41]

The burden of proof which is thus placed on the Commissioner extends only to the issue of fraud, and the presence of a fraud issue does not affect the usual presumption that the amount of the tax was correctly determined.[42] Thus, if issue is joined and neither party introduces any proof, the tax will be sustained but the fraud penalty will be disallowed.[43]

An analysis of the Tax Court decisions for the fiscal years 1945 and 1946 indicates that during that period the Commissioner successfully sustained his burden of proof in two-thirds of the cases in which he asserted the fraud penalty. During the aforementioned period 21 decisions (four by published one-judge opinions, 17 by memorandum opinions) were rendered by the Tax Court, the Commissioner being successful in 14, and failing to sustain his burden in seven. As a matter of interest it might be noted [fol. 679] that on March 31, 1946 there were 155 protested

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[39] *Frank A. Maddas* (1939) 40 B.T.A. 572, 578; *Frank J. Moore* (1938) 37 B.T.A. 378, 383.

[40] *National City Bank of New York* (1937) 35 B.T.A. 975, 988.

[41] *McClure* v. *United States* (Ct. Cl. 1943) 48 F. Supp. 531, 534.

[42] *L. Schepp Company, supra*, page 440.

[43] *John Kehoe* (1936) 34 B.T.A. 59, 70, aff'd (1940) 309 U.S. 277; *Snell Isle, Inc.* v. *Comm'r* (C.C.A. 5th, 1937) 90 F. 2d 481, cert. denied (1937) 302 U.S. 734. But *cf. Kastel* v. *Comm'r* (C.C.A. 5th, 1943) 136 F. 2d 530.

[44] *Miller-Pocohontas Coal Co.* (1931) 21 B.T.A. 1360.

cases involving fraud penalties pending in the Offices of the Internal Revenue Agents in Charge, the greater number being in the New York Division (49 cases) and the Pacific Division (27 cases).

If the taxpayer pays the tax and penalty and sues for its recovery, it is an open question whether the burden of proof on the issue of fraud is on him or on the Government. Since the taxpayer is the plaintiff seeking to get the fraud penalty back and since there is no statute expressly shifting the burden of proof as there is for Tax Court cases, it might be argued that the burden of disproving fraud is on the taxpayer. There is authority to the contrary, however.[45]

The character of the civil fraud penalty as a remedial device rather than a punishment is further illustrated by the fact that the liability for the penalty survives the death of the taxpayer and may be assessed against and collected from his estate.[46]

In appropriate cases, the Commissioner is authorized to compromise fraud penalties, with the approval of the Secretary of the Treasury, the Under Secretary or an Assistant Secretary. If the case has been referred to the Department of Justice, that power is exercised by the Attorney General.[47] Since the penalty is an integral part of the tax liability, a compromise of the penalty is deemed a settlement of the tax, and no refund of the tax may subsequently be obtained.[48]

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[45] *Duffin* v. *Lucas* (C.C.A. 6th, 1932) 55 F.(2d) 786, 798; *Hood* v. *Allen* (M.D. Ga. 1941) 29 A.F.T.R. 1375. *Cf. Vitelli & Son* v. *United States* (1919) 250 U.S. 355, 358; *Budd* v. *Comm'r* (C.C.A. 3d, 1930) 43 F.(2d) 509, 512.

[46] G.C.M. 22326, 1940-2, C.B. 159; Mim. Coll. No. 6123 (March 11, 1947).

[47] Int. Rev. Code sec. 3761; and see 31 Ops. Atty. Gen. 459 construing the compromise power to include settlement of penalties.

[48] *Ely & Walker Dry Goods Co.* v. *United States* (C.C.A. 8th, 1929) 34 F.(2d) 429; *Nelson-Wiggen Piano Co.* v. *United States* (C.C.A. 7th, 1936) 84 F.(2d) 47; *Schneider* v. *United States* (C.C.A. 6th, 1941) 119 F.(2d) 215; (1933) 38 Ops. Atty. Gen. 94, 96-97.

In conclusion, it should be pointed out that a taxpayer can always minimize the possibility of the Commissioner asserting fraud penalties. A complete disclosure in his return of all the facts, even though the taxpayer vigorously denies any tax responsibility, will go far toward assuring, if not guaranteeing, that no penalties will be asserted or sustained.[49] This is not to say that every failure to disclose justifies the imputation of fraud, for the questioned item may be of highly doubtful character which the taxpayer failed to report after being advised by reputable counsel that there is no tax liability. In such a case, it may be that the failure to disclose is not attributable to fraudulent intent.[50] However, the only reasonably safe method is for a taxpayer at all times to cut "square corners" with his Government, and to submit with his return full information concerning any doubtful item.

[fol. 680]

TREASURY DEPARTMENT
Bureau of Internal Revenue
Washington 25, D. C.

Revision of Address by J. P. Wenchel entitled "Tax Frauds and Voluntary Disclosures".

The following corrections and insertions should be made in the text of the address prepared by J. P. Wenchel, Chief Counsel of the Bureau of Internal Revenue, for delivery before the Tax Executives Institute in New York on May 14, 1947:

1. On Page 3 [now printed p. 607, l. 6], the first line should read "their estates were".

2. On Page 3 [now printed p. 607, l. 12], after the first paragraph, which closes with the words "take it with them," insert the following:

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[49] *Lorenzo C. Dilks* (1929) 15 B.T.A. 1294, aff'd. (C.C.A. 7th, 1934) 69 F.(2d) 1002; *Dorie Apartment Co.* (1937) 32 B.T.A. 1187, aff'd (C.C.A. 6th, 1938) 94 F.(2d) 895.

[50] *Jemison* v. *Comm'r, supra.*

"One thing the tax-evader seems never able to appreciate is that in these days of high taxes there is always someone comparing his income with his own and wondering how he's able to live as well as he does and still pay his taxes. He doesn't seem to know that there has been on the statute books since 1867 a provision of law which authorizes the Commissioner to pay for information leading to the discovery and recovery of additional revenue. The Act of March 4, 1867, now carried in the Internal Revenue Code as Section 3792, encourages informers, and the informer runs the complete scale from disgruntled employees to discarded wives. One of the most interesting cases of the latter sort occurred recently when a wife appeared before the Chief of the Intelligence Unit of the Bureau and stated that she wished to inform against her husband for evading his income tax. She was asked whether she had anything more than a suspicion and she replied that she certainly did. Upon being pressed, she stated he had cheated on everything else, including her, and that it was inconceivable that he had not cheated the Government. Another interesting case occurred when one of two partners, having had a falling out over some finances, appeared before a special agent and stated he wished to inform against his partner who had been evading his income tax. Upon questioning, the revenue agent quickly discovered that not only had the partner informed against evaded his income tax but the informer had also evaded his, and, furthermore, that both had connived together to evade the income tax of the partnership."

3. On Page 4 [now printed p. 609, last 3 ll.], the last full paragraph should be corrected to read as follows:

"Turning to the civil sanctions for the protection of the revenues, although a voluntary disclosure may relieve a taxpayer of criminal prosecution, it will not necessarily relieve him of the civil penalty for fraud.[1] The Department may insist upon the maximum • • •

(resuming the remainder of the paragraph as originally written)."

4. On Page 4 [now printed p. 610, ff. l. 4], after the last full paragraph, which closes with the words "added to the tax.", insert the following:

[fol. 681] "This is true even for the year 1942, the year of forgiveness, under Section 6 of the Current Tax Payment Act of 1943 and no part of the tax for 1942 is forgiven. Under Section 6 of the Current Tax Payment Act of 1943, it is expressly provided that the discharge of the tax for the year 1942 as therein provided shall not be applicable in any case in which the taxpayer is convicted of any criminal offense with respect to the tax for 1942 or in which additions to the tax for the taxable year 1942 are applicable by reason of fraud. Therefore, the practical result of fraud in the year 1942 return brings about not merely a 50 per cent penalty but a penalty in astronomical figures."

[fol. 682]

DEFENDANTS' EXHIBIT 97

[Handwritten notation—√ Speeches Made by Employees of the Treasury Department]

May 2, 1947

OFFICERS AND EMPLOYEES OF THE
INTERNAL REVENUE SERVICE CONCERNED:

Your attention is called to an address to be given by J. P. Wenchel Chief Counsel of the Bureau, on the criminal and civil aspects of fraud under the Internal Revenue Code on May 14, 1947, before the annual dinner of the Tax Executives Institute in New York City. The first fifteen minutes of this address (from 10 to 10:15 p.m., Eastern Daylight Saving Time) will be broadcast by the Mutual Broadcasting System and will deal particularly with a clarification of the Treasury's policy on voluntary disclosures. Efforts will be made, of course, to supply the full text of this address to field offices on or about the date of its delivery, but this notice is being sent so that those who desire to do so may arrange to hear the broadcast and advise the bar and public of the broadcast.

Stewart Berkshire,
Acting Commissioner.

[fol. 684]

DEFENDANTS' EXHIBIT 98.

UNITED STATES OF AMERICA
(Emblem)
TREASURY DEPARTMENT
WASHINGTON

MAR 31 1953.
(Date)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

I certify that the annexed is a true copy of Com. Mimeograph Coll. No. 4201, R. A. No. 722, dated July 2, 1934, directed to Officials of the Bureau of Internal Revenue, Collectors of Internal Revenue, Internal Revenue Agents in Charge and Other Employees Concerned, approved June 27, 1934 on file in this Department.

IN WITNESS WHEREOF, I have hereunto set my hand, and caused the seal of the Treasury Department to be affixed, on the day and year first above written.

By direction of the Secretary of the Treasury:

(Seal)

/s/ D. L. SIEGRIST

D. L. Siegrist
Head, Audit Service Branch
Audit Division
Bureau of Internal Revenue

Treasury Department—Stock Form 2247 (Rev. Nov. 1949)

[fol. 685]

TREASURY DEPARTMENT
Office of Commissioner of Internal Revenue
Washington, D. C.

JUL -2 1934

Com. Mimeograph
Coll. No. 4201
R.A. No. 722

Confidential

Statement of Policy with Respect to the Compromise of Taxes, Interest, and Penalties.

OFFICIALS OF THE BUREAU OF INTERNAL REVENUE,
COLLECTORS OF INTERNAL REVENUE,
INTERNAL REVENUE AGENTS IN CHARGE,
AND OTHER EMPLOYEES CONCERNED:

General

1. The following instructions will supersede all instructions previously issued on the subjects covered by this mimeograph. Collectors of Internal Revenue and Internal Revenue Agents in Charge will follow Com. Mimeograph, Coll. No. 3832, R.A. No. 568, as amended, with respect to the procurement of information relating to the assets and liabilities of the proponent and the submission of reports covering offers in compromise.

2. When the words "tax" and "taxes" are used in this mimeograph they should be construed as including interest and penalties which are added to the tax and become collectible as a part thereof, unless the contrary appears from the context.

3. The Treasury Department is in receipt of an opinion from the Attorney General in which it is held that tax, interest, and ad valorem penalties constitute one liability, which make a "case" arising under the internal revenue laws within the meaning of section 3229 of the Revised Statutes, and that there is nothing in the law to justify a

division of such "case" for compromise purposes. The conclusion was also reached by the Attorney General that section 3229 of the Revised Statutes does not confer power upon administrative officers to compromise tax, interest, or penalty where liability is clear and there is no doubt as to the ability of the Government to collect. To compromise there must be room for mutual concessions involving either doubt as to liability or doubt as to collectibility. The opinion overrules prior opinions and interpretative instructions thereunder in so far as they attempt to recognize as a contributing cause for compromise grounds of equity, or public policy peculiar to a particular case, individual hardships, or difficulties as to payments, a distinction between solvent and insolvent taxpayers and similar matters where they do not have a direct bearing on liability or collectibility; and in so far as they permit the compromising of tax, penalty and interest separately.

[fol. 686] 4. The Attorney General's opinion does not specify the quality or degree of doubt which will make compromise permissible as a matter of law. However, the Treasury Department does not propose to compromise when there is merely a possibility of doubt. The doubt as to liability or collectibility must be supported by evidence and must be substantial in character, and when such doubt exists, the amount acceptable will depend upon the degree of doubt found in the particular case.

PART I—TAX CASES

5. (A) Interest and all penalties which are added to the tax and become collectible as a part thereof will not be compromised separately from the tax from which they arise, since the tax, interest and penalties constitute one case arising under the internal revenue laws within the meaning of section 3229 of the Revised Statutes. The taxpayer in proposing a compromise should word the offer in every case to satisfy all tax, interest, and penalties for the taxable period or periods involved. Each offer submitted which involves interest or penalties should be examined in order to determine that it is so worded as to settle the full tax,

interest, and penalties due from each taxable period. Before any offer is recommended by Bureau officials for acceptance all audits should be completed for the periods involved and it should be certain that there are no additional taxes due for the reason that the acceptance of an offer will, in the absence of fraud, close the case for the taxable periods under consideration.

(B) When a tax is involved in a suit in court any offer in compromise in relation thereto should be submitted separately from and not in connection with any offer in relation to other taxes, since such an offer must be handled by the Department of Justice whereas other offers are handled by the Treasury Department.

6. While no definite amounts can be stipulated, Collectors should make every endeavor to secure offers representing the taxpayer's maximum capacity to pay. Attempts by taxpayers to submit offers in compromise in nominal amounts disproportionate to the entire liability, or which do not justify the cost of investigation and handling in the Bureau, should be discouraged. Offers of $100.00 or less shall be transmitted for consideration on the basis of the information furnished by the taxpayer and the Collector's recommendations thereon, together with any information that he may have without special investigation.

7. Offers in compromise which are more than nominal in amount and proportionate to the entire liability will be considered on the basis of the taxpayers' financial condition at the time of submission of the offers, taking into consideration reasonable future probabilities of their earnings and of appreciation of their assets.

8. Transferee liabilities for the payment of taxes will, so far as compromise is concerned, be treated the same as tax liabilities.

9. Where social, athletic, or sporting clubs or organizations are unable to collect taxes on dues and fees imposed by section 501 of the Revenue Act of 1926, as amended, it is customary to obtain a list of the membership for the purpose of entering direct assessments against individual

[fol. 687] members of the taxes which should have been paid. If such clubs or organizations prefer to satisfy the taxes of their members instead of having the Government proceed with direct assessments, offers in compromise will be considered in such cases provided the amounts submitted are equal to the full sums which the Government could collect if direct assessments were made. The financial condition of such club or organization or the ability to pay an offer equal to such taxes does not enter into the question of compromise.

25 Per Cent Penalties

10. (A) The provisions of sections 1302 and 1303, Part III, Title V, Pages 68 and 69, of the Internal Revenue Manual, which for convenience are quoted in full below, shall remain in force as to the disposition of this penalty.

"Sec. 1302. The penalty of 25 per cent will be asserted in all cases where a return is not filed within the time prescribed by law and regulations unless a reasonable cause for delinquency is clearly established by the taxpayer. The following, when clearly established, may be accepted as reasonable causes:

1. Where the return was mailed in time (whether or not the envelope containing the return had sufficient postage) to reach the collector's office, in normal course of mails, within the legal period. If the due date falls on Sunday or a legal holiday, the following business day is within the legal period.

2. Where return was filed within the legal period but in the wrong collection district, or directly in the commissioner's office.

3. Where the delay or failure to file was due to erroneous information given the taxpayer by an internal revenue officer or employee.

4. Where delay was caused by death or serious illness of the taxpayer or by serious illness in his immediate family.

5. Where the delay was caused by unavoidable absence of the taxpayer.

6. Where delinquency was caused by the destruction by fire or other casualty of the taxpayer's place of business or business records.

7. Where the taxpayer, prior to the time for filing return, made application to the collector's office for proper blanks and these were not furnished him in sufficient time to permit the executed return to be filed on or before its due date.

8. Where the taxpayer proves that he personally visited the office of the collector or deputy collector before the expiration of the time within which to file return for the purpose of securing information or aid to properly make out his return, and through no fault of his own was unable to see the representatives of the bureau.

"Sec. 1303. The foregoing applies to all periodic returns required by internal revenue law and regulations. Where other grounds are alleged as reasonable cause for delay, a statement of the facts and an explanation of the delinquent taxpayer should be forwarded to the commissioner to determine whether the 25 per cent penalty should be assessed."

[fol. 688] (B) In those cases where the penalty is listed for assessment by the Collector, and no reasonable cause exists to explain the delinquency, any offer in compromise will be rejected unless it equals the full amount collectible from the taxpayer's assets. Where reasonable cause does exist the penalty will be abated rather than compromised.

(C) If there is substantial doubt whether the taxpayer is legally liable for the penalty or whether the penalty is collectible, the case may be compromised, the amount acceptable depending upon the degree of doubt found in the particular case.

5 Per Cent Penalty for Negligence (Income Tax Cases)
(Section 293, Revenue Act of 1932)

11. This liability will be compromised only where there is substantial doubt as to liability or collectibility.

5 Per Cent Penalty and 12 Per Cent Interest
(Section 3184, Revised Statutes)

Note: 5 per cent penalty not applicable to income taxes imposed by the Revenue Act of 1921 or by subsequent acts, or to deficiencies in income and profits taxes determined by the Commissioner to be due under the Revenue Acts of 1916, 1917, 1918 and 1921 assessed on or after June 2, 1924, the date of the enactment of the Revenue Act of 1924.

12. Except as set out in the above note, the 5 per cent penalty and 12 per cent interest imposed by section 3184 of the Revised Statutes for failure to pay an assessment within 10 days from the date of notice and demand automatically become a part of the tax and are collectible as such. This liability is clearly established under the statute and will not be compromised except where there is substantial doubt as to collectibility. However, if there is substantial doubt as to the legality of the tax upon which such penalty and interest are computed, consideration may be given to an offer in compromise.

6 Per Cent Interest

13. Offers in compromise of 6 per cent interest will not be accepted on grounds of so-called equity or hardship, but will be accepted only if there is substantial doubt as to the legality or collectibility of the claim.

12 Per Cent Interest

14. (A) Offers to compromise 12 per cent interest involving income, estate, and gift taxes should be recommended for acceptance only in case there is substantial doubt as to the liability or the collectibility. Collectors should discourage the submission of offers by taxpayers who admit that the 12 per cent interest is legally due and collectible but ask for compromise because of peculiar hardships to the particular taxpayer or because the negligence or delinquency was not deliberate or has not caused the Government expense in collecting the tax, such reasons not constituting sufficient grounds for compromise.

[fol. 689] (B) In the case of the 12 per cent interest imposed under the provisions of sections 502(d) and 602 of the Revenue Act of 1926, sections 615(b), 626(b), and 771 of the Revenue Act of 1932, and sections 213 and 215(d) of the National Industrial Recovery Act, applying respectively to admissions and dues, pistols and revolvers, soft drinks, various sales by manufacturers, various miscellaneous excise taxes, tax on dividends and capital stock taxes, as well as processing taxes imposed under Title I of the Agricultural Adjustment Act, offers in compromise may not be favorably considered unless substantial doubt exists as to the collectibility of such interest or as to the legality of the tax on which such interest is computed.

50 Per Cent Fraud Penalty

15. No offer will be accepted in compromise of a fraud penalty unless there is substantial doubt of the ability of the Government to sustain the charge of fraud upon a trial or to collect the penalty if the charge is sustained.

No Separate Compromise of Penalties or Interest

16. Neither the penalties nor the interest specified in Paragraphs 10 to 15, inclusive, will be compromised separate and apart from the taxes in connection with which the penalties and interest were incurred.

PART II—FRAUD AND CRIMINAL CASES

17. Where a violation of the internal revenue laws is deliberate and with intent to defraud, and is discovered through internal revenue officers, or is disclosed by the taxpayer after the Bureau has initiated an investigation, the criminal liability will in no case be compromised by the Treasury Department. Prosecution will be recommended or not, solely on the basis of whether the evidence is sufficient to afford reasonable grounds for the belief that a conviction can be secured.

18. In cases in which taxpayers make voluntary disclosures of intentional evasions before investigation by the Bureau has been initiated, the Bureau will not recommend

criminal prosecution, but will impose the maximum civil penalties unless there is substantial doubt as to collectibility.

19. In all cases not covered by Paragraphs 17 and 18 in which there is evidence of intentional evasion, the Bureau will impose the maximum civil penalties unless there is substantial doubt as to liability or collectibility.

20. The provisions of Paragraphs 15, 17, 18 and 19 of this mimeograph are applicable to fraud in whatever class of case found, including fraud in connection with pretended or fictitious sales of stocks or securities commonly referred to as "tax-sales" cases.

[fol. 690] *PART III—SPECIFIC PENALTIES*

21. (A) Specific penalties are not collectible as a part of taxes and therefore if compromisable at all are compromisable alone and not in connection with taxes, ad valorem penalties, or interest.

(B) Every offer to compromise a specific penalty should be carefully examined. Where the statute provides the penalty for a mere act of omission or commission, without regard to whether the offense was knowingly or willfully committed, there are three questions in respect of which doubt may arise as to the propriety of prosecution in the courts. These questions are (1) whether the expense of a trial would justify prosecution, (2) whether the Government could obtain a conviction in court, having in mind the uncertainty of criminal prosecutions for this character of offense, and (3) whether a larger fine than the amount offered would be imposed by the court upon conviction. If the statute provides for a penalty only upon conviction of having knowingly or willfully committed the offense, no liability is incurred unless there is some indication that the act was willful or with knowledge that it violated the law. If the circumstances indicate that the offense was probably knowingly or willfully committed, some doubt may arise as to the sufficiency of the evidence on this point, as well as on one or more of the three points arising in cases of a mere failure to comply with the law.

(C) If substantial doubt exists as to any of the foregoing grounds, the case is compromisable and the following procedure will govern in respect to the suggestion of offers:

Documentary Stamp Tax Violations
(Section 802, Revenue Act of 1926)

22. (A) In the ordinary case if there was no negligence on the part of a taxpayer with respect to the stamping of instruments and the amount of the delinquency involved is not in excess of $10.00, no attempt shall be made to impose the specific penalty and the taxpayer will not be advised of his privilege of submitting an offer in compromise. The amount of the tax due will, however, be collected. If negligence existed or if the tax exceeds $10.00, the specific penalty should be asserted and the taxpayer should be advised of his privilege of submitting an offer in compromise in lieu of the specific penalty.

(B) In advising taxpayers of the privilege of submitting offers in compromise in respect to documentary stamp tax violations, Collectors should for the first offense suggest an offer of not less than $5.00 where the value of the stamps does not exceed $50.00, and $5.00 for each additional $50.00 tax involved, or fraction thereof, until the amount of the offer to be submitted reaches $100.00. When the offer exceeds $100.00 or there is a second offense involving the same type of transaction, the case is not considered within the routine class and should be reported to the Bureau for special consideration.

[fol. 691]

Special or Occupational Tax Violations

23. (A) The mere carrying on of a business as a manufacturer of or wholesale or retail dealer in oleomargarine, adulterated, process, or renovated butter, filled cheese, or manufacturer of mixed flour, for which a return on Form 11 is required, without the payment of the special tax when due, renders the taxpayer liable to a specific penalty imposed by law. Taxpayers should be advised of their privilege of submitting offers in compromise in lieu of the specific

penalties, and field officers should, where there is no apparent attempt to defraud, endeavor to obtain such offers at the time that the tax and 25 per cent ad valorem penalty are paid.

(B) In advising taxpayers of the privilege of submitting offers in compromise of the specific penalty for failure to pay special or occupational taxes when due, Collectors should suggest an offer of at least $5.00 to retail dealers in uncolored oleomargarine, and $10.00 to retail dealers in colored oleomargarine for each delinquent period or for each place of business for which the delinquent taxpayer failed to pay his tax. Where a taxpayer is subsequently delinquent the case is not considered within the routine class and should be reported to the Bureau for special consideration. In all cases where a manufacturer or wholesale dealer in colored or uncolored oleomargarine, adulterated, process or renovated butter, filled cheese, or manufacturer of mixed flour, fails to pay special tax when due, the case is not considered within the routine class and should be reported to the Bureau for special consideration.

Failure to Post Special Tax Stamp

24. (A) Section 3239 of the Revised Statutes provides that every person engaged in any business who is thereby made liable to a special tax is required to keep conspicuously posted in his establishment all stamps denoting the payment of said special tax. Failure to do so renders the person liable to a penalty equal to the special tax imposed upon his business, but in no case shall said penalty be less than $10.00. If the failure to comply with this section of the law is due to willful neglect or refusal, the penalty is double the amount prescribed.

(B) In canvassing their districts for delinquents, should Collectors discover any violations of the foregoing section of the statutes, they may suggest offers in compromise of not less than $10.00 for the first offense in lieu of the specific penalty incurred. Subsequent offenses should be referred to the Bureau.

Failure to Use Properly-Printed Tickets

25. Section 500(d) of the Revenue Act of 1926 imposes a specific penalty of not more than $100.00 for mere failure [fol. 692] to use properly prepared tickets of admission to places of amusement. As a general rule offers in compromise of not less than $25.00 for the first offense will be suggested in lieu of this specific penalty. Subsequent offenses will be reported to the Bureau.

Failure to Register as a Soft Drink Manufacturer

26. Under the provisions of section 615(c) of the Revenue Act of 1932, each person required to pay any tax on soft drinks is required to procure and keep posted a certificate of registry, and failure to do so renders such person liable to a penalty of not more than $1,000.00 for each offense. Upon the discovery of violations of this section of the law, Collectors should suggest the submission of an offer of not less than $5.00 for the first offense. Subsequent offenses will be reported to the Bureau.

Capital Stock Tax Violations

27. There is no specific penalty imposed by law for failure to pay capital stock tax on time unless the violation is willful, in which event the penalties prescribed in section 1114 of the Revenue Act of 1926 are applicable. Whether or not the violation is willful depends upon the circumstances in each particular case. In those cases in which it is alleged that the failure to comply with the law was willful, a detailed statement of the facts and evidence upon which such allegation is based should be transmitted to the Bureau for determination whether criminal proceedings should be instituted. Collectors should refrain from advising a taxpayer of his privilege of submitting an offer in compromise for mere failure to pay capital stock tax when due.

Delinquent Special Tax Upon Use of Pleasure Boats

28. The provisions of the foregoing paragraph relating to the assertion of specific penalties for failure to pay capi-

tal stock tax on time are equally applicable in the case of mere failure to pay special tax when due upon the use of pleasure boats, where no evidence of willful failure is available. No offers in compromise should be suggested in such delinquencies. Where there is evidence of willful failure the facts should be reported to the Bureau.

Collecting Amounts in Guise of Tax

29. Section 1123 of the Revenue Act of 1926 imposes a fine of not more than $1,000.00 or imprisonment of not exceeding one year, or both, for representing as a tax an amount known to be in excess of the tax imposed or for representing in the guise of tax an amount known to be [fol. 693] not imposed as tax under authority of the United States on the sale or lease of any article. This section applies only to the taxes imposed by Title VI of the Revenue Act of 1926 and to the taxes imposed by Title IV of the Revenue Act of 1932, as amended. Each such illegal representation constitutes a separate violation. Prosecution will be had in all such cases where sufficient evidence of willful violation exists. Where substantial doubt exists as to the evidence necessary to convict, offers in compromise will be considered. In no event will an offer be accepted in an amount less than the excess amount collected except where there is doubt as to the collectibility of this amount.

Estate Tax Violations

30. Whenever a taxpayer is delinquent in filing notice or return he should be instructed to prepare and file in duplicate an affidavit setting forth in detail the reasons for the delinquency. One copy of this affidavit should be forwarded by the Collector to the Bureau where it will be placed on file until the return is audited and reviewed after such field investigation as may be deemed necessary. In connection with the audit the Bureau will determine whether a penalty should be asserted; and if so, the closing letter will state the amount which will be considered as an offer in compromise, if the facts justify the acceptance of such an offer. In view of the fact that the assertion of the penalty in this class of cases is not determined until final audit and

review, an offer in compromise on Form 656 should not be obtained, nor, in advance of final audit, should the taxpayer be instructed to tender any amount in lieu of penalties.

Gift Tax Violations

31. The procedure followed in respect to estate tax violations is equally applicable to gift tax delinquencies, and Collectors should promptly obtain from all donors who are late in filing gift tax returns affidavits in duplicate setting forth in detail the reasons for failure to comply with the law within the time prescribed. Collectors will likewise refrain from obtaining offers in compromise in gift tax cases until after the returns are audited by the Bureau and consideration given the facts with a view to determining whether such offers should be suggested.

Tobacco Tax Violations

32. The number of specific penalties imposed by the statutes for failure on the part of tobacco manufacturers and dealers to do the things required by law or for doing the things forbidden by law are numerous and greatly vary in amounts of fines imposed upon conviction and no arbitrary schedules of offers in compromise have been adopted in adjusting such violations. Most of these administrative requirements are contained in the early Revised Statutes [fol. 694] and manufacturers and dealers in leaf tobacco engaging in business are expected to thoroughly familiarize themselves with such laws and regulations. The amount of the offer cannot be stipulated in these cases since such offers depend largely upon the circumstances surrounding the violation and the flagrancy of the case. In no instance, however, should Collectors suggest offers of less than $10.00 for the first offense. Subsequent offenses should be reported to the Bureau.

Intoxicating Liquor Law Violations

33. (A) The carrying on of the business of a distiller, brewer, winemaker, manufacturer of stills, rectifier, wholesale or retail liquor dealer, and wholesale or retail dealer

in malt liquors, renders such persons subject to numerous administrative provisions of the Revised Statutes in respect to the conduct of such occupations. Such persons are required under the law to comply with various statutes and they are forbidden by law from engaging in irregularities contrary to the statutes. The specific penalties and the amounts of the fines imposed upon conviction greatly vary and in compromising such liabilities no amounts can be specified. Such offers depend largely upon the circumstances surrounding the violation and the flagrancy of the cases; however, Collectors will in no instance suggest offers of less than $10.00 for the first offense. Subsequent offenses should be reported to the Bureau.

(B) The provisions of Paragraph 23(B) of this mimeograph, relating to special or occupational tax violations incurred by retail dealers in uncolored oleomargarine should be followed with regard to extending to manufacturers of stills, rectifiers, brewers, wholesale and retail liquor dealers, and wholesale and retail dealers in malt liquors the privilege of submitting offers in compromise of at least $5.00 for the first offense for each delinquent period or for each place of business for which the delinquent taxpayer failed to pay his tax. Subsequent offenses should be reported to the Bureau.

Miscellaneous Violations

34. Various other violations of stamp tax and regulatory provisions of the statutes relating to oleomargarine, adulterated, process, or renovated butter, filled cheese, mixed flour, white phosphorus matches, and manufacturers of playing cards are often discovered by investigating officers. In such instances Collectors will forward to the Bureau a complete statement of facts surrounding these violations of law in order that appropriate instructions may be issued looking to the proper adjustment of such cases.

Waiving Offers in Compromise in Lieu of Specific Penalties

35. In cases of failure to pay special taxes, the specific penalties (which are not assessable) and ad valorem pen- [fol. 695] alties (which are assessable) will be treated inde-

pendently and should not in any case be confused. In the following cases the possibility of convictions would be so doubtful that no offer in compromise of specific penalties should be suggested:

(a) Where after an honest effort a taxpayer was unable to obtain from the Collector or his duly authorized representative, information necessary to the filing of a timely or correct return and/or payment of the required amount of tax;

(b) Where a taxpayer received erroneous information from the Collector or his duly authorized representative;

(c) Where a taxpayer's case has been submitted to the Bureau for ruling;

(d) Where the delinquent voluntarily paid the tax without any prior investigation or notice from the Collector's office.

In such cases, where the taxes and ad valorem penalties are posted on the assessment lists, Collectors will enter appropriate notations in the "Remarks" column opposite the entries of such items in order that the cases may be closed without further action with regard to the specific penalties.

36. Inquiries concerning policies outlined under "General" or "Part II" should refer to the number of this mimeograph and to the symbols GC. Inquiries concerning "Part I" should refer to the number of this mimeograph and to the symbols IT:C:P, MT:ST, MT:PT, or AT:C&A, according to whether the tax involved is assessed on the Income Tax, Miscellaneous Tax, Processing Tax, or Distilled Spirits assessment lists, respectively. All questions relating to "Part III" should refer to the number of this mimeograph and to the symbols MT:ST, except those involving paragraph 33, which should refer to AT:C&A.

/s/ GUY T. HELVERING

GUY T. HELVERING
Commissioner.

Approved: /s/ H. MORGENTHAU
Secretary of the Treasury.

[Handwritten notation—6/26/34 Approved H O. Should have detailed index added.—J A M R H J B H B H O W M. C A D H E L J D F G P K L S C A R M.]

[fol. 696]

DEFENDANTS' EXHIBIT 99

Subpoena Duces Tecum — Case No: 52 CR 143

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

THE PRESIDENT OF THE UNITED STATES OF AMERICA

To PENICK AND FORD, LTD., INC.
420 Lexington Ave. New York, New York

—*GREETING:*

WE COMMAND YOU, that all business and excuses being laid aside, you and each of you attend before the Honorable GUNNAR H. NORDBYE one of the Judges of the United States District Court for said District, on the 6th day of April, A.D. 1953, at 10:00 o'clock in the forenoon in the United States Court House in Chicago, in said District, to testify and give evidence in a certain cause now pending and undetermined in said Court, wherein THE UNITED STATES OF AMERICA is Plaintiff and THE SHOTWELL MANUFACTURING COMPANY, et al., are Defendants, on the part of said defendants. And that you also diligently and carefully search for, examine, and inquire after and bring with you, and produce at the time and place aforesaid, all books, records, accounts, statements, invoices, correspondence and memoranda reflecting in any way transactions between you and the following

named persons, companies, concerns, and corporations during the years 1943 to 1947 inclusive:

1) David G. Lubben
2) Micheal Cohen
3) David G. Lubben Company
4) David G. Lubben Associates
5) Eatsum Food Products Company, a sole Proprietorship
6) Eatsum Food Products Company, a limited partnership
7) General Confections, Inc.
8) Reserve Trading Corporation

Together with all agreements and contracts made between you and any of the above named persons, companies, concerns, and corporations, or memoranda thereof; having to do with the procurement of corn, the processing or refining of corn, and/or the sale of such processed or refined corn; including any and all memoranda or records of railroad car numbers, bills of lading, or other evidence of the receipt of corn by you, or the shipment by you of processed or refined corn,

And including also any books, records, correspondence, documents, papers, or memoranda in any way reflecting what raw materials received by you, or the products thereof processed or refined by you, were set aside or earmarked or designated in any way to be sold or shipped to, or sold or shipped for and on the order of, the above named people, persons, companies, concerns, or corporations, or any of them, during the years 1943 to 1947 inclusive, together with all copies, drafts, and vouchers relating to the said documents, and all other documents, letters, and paper writings whatsoever, that can or may afford any information or evidence in said cause. And

this you shall in nowise omit, under the penalty of the law in that case made and provided.

/s/ Roy H. Johnson
Clerk

By /s/ James F. Kuchta
Deputy Clerk

(Seal)

Dated: March 16, 1953

[fol. 697]

State of Illinois,
County of Cook, *ss.*:

George D. Sullivan, Jr., being first duly sworn on oath, deposes and says that he served the above and foregoing subpoena upon the within named Penick and Ford, Ltd., Inc., by delivering a copy to J. Max Widmer, President, on the 16th day of March, 1953, by reading the same to him, and at the same time delivering to him a true and correct copy thereof, together with the statutory witness fee and mileage in the sum of $150.00.

/s/ George D. Sullivan, Jr.

Subscribed and Sworn to Before
me this 27th day of March, 1953.

/s/ Alexander Neuman
Notary Public

(Seal)

[fol. 698]

DEFENDANTS' EXHIBIT 99A

Subpoena Duces Tecum — Case No. 52 CR 143

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS

THE PRESIDENT OF THE UNITED STATES OF AMERICA

To AMERICAN MAIZE PRODUCTS COMPANY
100 East 42nd Street
New York, New York

—GREETING:

WE COMMAND YOU, that all business and excuses being laid aside, you attend before the Honorable GUNNAR H. NORDBYE one of the Judges of the United States District Court for said District, on the 1st day of October, A. D. 1953, at 10:00 o'clock in the forenoon in the United States Court House in Chicago, in said District, to testify and give evidence in a certain cause now pending and undetermined in said Court, wherein THE UNITED STATES OF AMERICA is Plaintiff and THE SHOTWELL MANUFACTURING COMPANY, et al., are Defendants, on the part of said defendants. And that you also diligently and carefully search for, examine, and inquire after and bring with you, and produce at the time and place aforesaid, all books, records, accounts, statements, invoices, correspondence and memoranda reflecting in any way transactions between you and the following named persons, companies, concerns, and corporations during the years 1943 to 1947, inclusive: (1) David G. Lubben; (2) Michael Cohen; (3) David G. Lubben Company; (4) David G. Lubben Associates; (5) Eatsum Food Products Company, a sole proprietorship; (6) Eatsum Food Products Company, a limited partnership; (7) General Confections, Inc., (8) Reserve Trading Corporation; and (9) The Shotwell Manu-

facturing Company, together with all agreements and contracts made between you and any of the above-named persons, companies, concerns, and corporations, or memoranda thereof, having to do with the procurement of corn, the processing or refining of corn, and or the sale of such processed or refined corn; including any and all memoranda or records of railroad car numbers, bills of lading, or other evidence of the receipt of corn by you, or the shipment by you of processed or refined corn.

And including also any books, records, correspondence, documents, papers, or memoranda in any way reflecting what raw materials received by you, or the products thereof processed or refined by you, were set aside or ear-marked or designated in any way to be sold or shipped to, or sold or shipped for and on the order of, the above-named people persons, companies, concerns, or corporations, or any of them, during the years 1943 to 1947, inclusive, including notes, memoranda and records, if any, made and maintained by or in the custody of agents and not included in your regular corporate records, together with all copies, drafts, and vouchers relating to the said documents. And this you shall in nowise omit, under the penalty of the law in that case made and provided.

/s/ Roy H. Johnson
Clerk

By /s/ James F. Kuchta
Deputy Clerk

(Seal)

Vincent O'Brien
105 South LaSalle St.
Chicago 3, Illinois

Dated: August 24, 1953.

[fol. 700]

THE UNITED STATES OF AMERICA, Plaintiff,

against

THE SHOTWELL MANUFACTURING COMPANY, et al.,
Defendants.

STATE OF NEW YORK, COUNTY OF NEW YORK, ss:

Milton Schwartz, being duly sworn, deposes and says: I am over 21 years of age, not a party to this action, and reside in the City and State of New York. That on the 16th day of September, 1953, at 100 East 42nd Street, Manhattan, New York City, I served the witness subpoena annexed hereto, upon AMERICAN MAIZE PRODUCTS COMPANY, a domestic corporation the witness therein named, by delivering to and leaving personally with, Brainerd R. Taylor, its Vice-President, a true copy of each thereof and at the same time and place paid the witness a fee of $150.00, as required by law for his attendance.

DEPONENT further says: that at the time of such service I knew the said corporation so served as aforesaid to be the same corporation mentioned and described in said witness subpoena as the witness therein, and knew the said Brainerd R. Taylor, to be such officer thereof.

/s/ MILTON SCHWARTZ

Sworn to before me this
16th day of September, 1953.

FRANCIS C. OCONNELL
Commissioner of Deeds, City of New York
New York County Clerk's No. 4
My Commission expires March 14, 1954

[fol. 701]

DEFENDANTS' EXHIBIT 99B

Subpoena Duces Tecum Case No. 52 CR 143

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS

THE PRESIDENT OF THE UNITED STATES OF AMERICA

To CORN PRODUCTS REFINING COMPANY
and Mr. L. K. Edmondson
33 North LaSalle Street, Chicago, Illinois

—GREETING:

WE COMMAND YOU, that all business and excuses being laid aside, you attend before the Honorable GUNNAR H. NORDBYE one of the Judges of the United States District Court for said District, on October 1, A. D. 1953, at 10:00 o'clock in the forenoon in the United States Court House in Chicago, in said District, to testify and give evidence in a certain cause now pending and undetermined in said Court; wherein THE UNITED STATES OF AMERICA is Plaintiff and THE SHOTWELL MANUFACTURING COMPANY, et al., are Defendants, on the part of said defendants. And that you also diligently and carefully search for, examine, and inquire after and bring with you, and produce at the time and place aforesaid, all books, records, accounts, statements, invoices, correspondence and memoranda reflecting in any way transactions between you and the following named persons, companies, concerns, and corporations during the years 1943 to 1947, inclusive: (1) David G. Lubben; (2) Michael Cohen; (3) David G. Lubben Company; (4) David G. Lubben Associates; (5) Eatsum Food Products Co., a sole proprietorship; (6) Eatsum Food Products Co., a limited partnership; (7) General Confections, Inc., (8) Reserve Trading Corporation; and (9) The Shotwell Manufacturing

Company, a corporation together with all agreements and contracts made between you and any of the above-named persons, companies, concerns, and corporations, or memoranda thereof; having to do with the procurement of corn, the processing or refining of corn, and/or the sale of such processed or refined corn; including any and all memoranda or records of railroad car numbers, bills of lading, or other evidence of the receipt of corn by you, or the shipment by you of processed or refined corn.

And including also any books, records, correspondence, documents, papers, or memoranda in any way reflecting what raw materials received by you, or the products thereof processed or refined by you, were set aside or ear-marked or designated in any way to be sold or shipped to, or sold or shipped for and on the order of, the above-named people, persons, companies, concerns, or corporation, or any of them, during the years 1943 to 1947, inclusive, including notes, memoranda and records, if any, made and maintained by or in the custody of agents and not included in your regular corporate records, together with all copies, drafts, and vouchers relating to the said documents. And this you shall in nowise omit, under the penalty of the law in that case made and provided.

/s/ ROY H. JOHNSON
Clerk

By /s/ JAMES F. KUCHTA
Deputy Clerk

(Seal)

Vincent O'Brien
105 So. LaSalle St., Chicago
Tel. FRanklin 2-4000
Attorney for defendants

DATED: August 24, 1953

[fol. 702]

State of Illinois,
County of Cook, ss.:

Being duly sworn, on my oath I, Sidney Sherman, depose and state that on the 28th day of August A. D. 1953 I served the within writ on the within named Corn Products Refining Co and Mr L. K. Edmondson and delivered to the within named M. L. Edmondson, registered agent of the within named Corn Products Refining Co. a true copy thereof with two witness fees of $4.15 each, one for himself and one for the aforesaid company (5'8—thin—grey hair—age 62)

/s/ Sidney Sherman

Served by
La Salle Process Servers

Subscribed and sworn to
before me this 28th day
of August A. D. 1953

/s/ Herbert J. Weber
Notary Public

[fol. 703]

DEFENDANTS' EXHIBIT 99C

Subpoena Duces Tecum Case No. 52 CR 143

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS

THE PRESIDENT OF THE UNITED STATES OF AMERICA

To THE HUBINGER COMPANY
601 Main Street
Keokuk, Iowa

—GREETING:

WE COMMAND YOU, that all business and excuses being laid aside, you attend before the Honorable GUNNAR H. NORDBYE one of the Judges of the United States District Court for said District, on the 5th day of October, A. D. 1953, at 10:00 o'clock in the forenoon in the United States Court House in Chicago, in said District, to testify and give evidence in a certain cause now pending and undetermined in said Court, wherein THE UNITED STATES OF AMERICA is Plaintiff and THE SHOTWELL MANUFACTURING COMPANY, et al., are Defendants, on the part of said defendants. And that you also diligently and carefully search for, examine, and inquire after and bring with you, and produce at the time and place aforesaid, all books, records, accounts, statements, invoices, correspondence and memoranda reflecting in any way transactions between you and the following named persons, companies, concerns, and corporations during the years 1943 to 1947, inclusive: (1) David G. Lubben; (2) Michael Cohen; (3) David G. Lubben Company; (4) David G. Lubben Associates; (5) Eatsum Food Products Company, a sole proprietorship; (6) Eatsum Food Products Company, a limited partnership; (7) General Confections, Inc., (8) Reserve Trading Corporation; and (9) The Shotwell Manufacturing

Company, a corporation; together with all agreements and contracts made between you and any of the above-named persons, companies, concerns, and corporations, or memoranda thereof; having to do with the procurement of corn, the processing or refining of corn, and/or the sale of such processed or refined corn; including any and all memoranda or records of railroad car numbers, bills of lading, or other evidence of the receipt of corn by you, or the shipment by you of processed or refined corn.

And including also any books, records, correspondence, documents, papers, or memoranda in any way reflecting what raw materials received by you, or the products thereof processed or refined by you, were set aside or earmarked or designated in any way to be sold or shipped to, or sold or shipped for and on the order of, the above-named people, persons, companies, concerns, or corporations, or any of them, during the years 1943 to 1947, inclusive. And this you shall in nowise omit, under the penalty of the law in that case made and provided.

/s/ RAY H. JOHNSON
Clerk

By /s/ WILLIAM E. KUEEV, JR.
Deputy Clerk

(Seal)

Vincent O'Brien
105 South LaSalle St.
Chicago 3, Illinois
Attorney for Defendants

DATED: Sept. 10, 1953.

[fol. 704]

STATE OF IOWA)
)
LEE COUNTY)

RETURN OF
SUBPOENA DUCES TECUM

I, Robert B. Dickey, being first duly sworn state that I received the within Subpoena Duces Tecum on this 16th. day of September, 1953, and I certify that on the 16th. day of September, 1953, I served the same on the Hubinger Company by delivering a copy thereof to the President of the said Company, Robert S. Fisher, in the City of Keokuk Lee County, State of Iowa. The said Robert S. Fisher at that time waiving the reading of the same.

I further state that at the time of said service I tendered to the said Robert S. Fisher the sum of $40.00 as the fees for one day's attendance and the mileage as allowed by law.

/s/ ROBERT B. DICKEY
Robert B. Dickey

Subscribed and sworn to before me by Robert B. Dickey, this 16th. day of September, 1953.

/s/ CHARLES B. CHAPPELL
Notary Public in and for
Lee County, Iowa.

[fol. 705]

DEFENDANTS' EXHIBIT 100A

Union Sales Coop.

1941

CORN SYRUP

ITEM NO.	QUANTITY (LBS)	AMOUNT
	1990379	$49936
1766 (10)	2486	670
1771	95040	26717
1804 (11)	2484	1171
1824	98256	89994
1881 (12)	340	946
	969619	0205425
	(1362)	
	41	
	0196619	

UNION SALES CORP.

1941

CORN SYRUP

ITEM NO.	QUANTITY (LBS)	AMOUNT
66 ①	95100	[illegible]
83 ①	94840	[illegible]
84 ①	100	[illegible]
101 ①	94740	[illegible]
107 ①	95140	[illegible]
141 ①	95040	[illegible]
111 ①	160	[illegible]
167 ②	95240	[illegible]
197 ①	100	[illegible]
193 ①	160	[illegible]
111 ①	100	[illegible]
1471 ②	379	[illegible]
308 ②	94940	[illegible]
309 ③	100	[illegible]
378 ③	94380	[illegible]
391 ①	100	[illegible]
398 ③	95240	[illegible]
444 ④	94760	[illegible]
479 ④	100	[illegible]
484 ④	100	[illegible]
484 ④	100	[illegible]
413 ④	440	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]

[fol. 709]

DEFENDANTS' EXHIBIT 100C

A. E. STALEY MFG. CO.

1941

CORN SYRUP

ITEM NO.	QUANTITY (LBS)	AMOUNT
304	94660	47759
377	94970	48433
373	(600)	(1634)
397	(600)	(1654)
499	95700	47263
442	(340)	(191)
445	95300	48134
498	(400)	(449)
479	96360	48694
443	95340	47943
1003	(440)	(494)
1141	(440)	(335)
1264	95441	49704
1333	96490	48398
1381	94401	47804
1418	(659)	(1833)

[fol. 711]

DEFENDANTS' EXHIBIT 100D

PENICK & FORD LTD.

1941

CORN SYRUP

ITEM NO.	QUANTITY (LBS)	AMOUNT
44 ① N	96000	N 2486 40
43 ① N	3579 0.	N 241433
96 ① N	1000	N 2590
97 ① N	981	N 1470
187 ① N	9596	N 2536
46	680	1761
223 ③ N	9607	N 2484
219 ③ N	710	N 1813
116 ③ N	9590	N 2664
184 ③ N	980	N 2540
216 ③ N	9609	N 2487
201 ③ N	400	N 1036
208 ③ N	9600	N 2484
57 ③ N	496	N 1283
141 ③ N	9610	N 2489
131	431	1103

963109 2633784

[fol. 713]

DEFENDANTS' EXHIBIT 100E

CORN PRODUCTS SALES CO.

1941

CORN SYRUP

ITEM NO.		QUANTITY (LBS)		AMOUNT				
17	①	9[illegible]680		[illegible]				
7[illegible]	①	X	119		3077	*	[illegible]	1188 Lbs
347	③	N	9[illegible]780		[illegible]			
[illegible]	③	N	1,188		3077			
49[illegible]	④	N	9[illegible]880		[illegible]			
850	⑧	N	9[illegible]860		[illegible]			
894	⑧	N	440		1141		[illegible]	(424 Lbs)
1169	⑩	N	9[illegible]780		[illegible]			
1177	⑩	N	[illegible]780		[illegible]			
1231	⑩	N	100		664			
1263	⑫	N	9[illegible]440		[illegible]			
			[illegible]19793		[illegible]			
1534	⑭	N	[illegible]534		1378			
			[illegible]89761		[illegible]69[illegible]			
			(1019)					
			91					
			[illegible]88085					

[fol. 715]

DEFENDANTS' EXHIBIT 100F

ANHEUSER-BUSCH INC.

1941

CORN SYRUP

ITEM NO	QUANTITY (LBS)	AMOUNT

[fol. 717]

DEFENDANTS' EXHIBIT 100G

American Maize Prod. Co.

1941

Corn Syrup

Item No.	Quantity (Lbs)	Amount
689 (4)	# 96490	$ 299857
696 (4)	" (3780)	" (1701)
674 (5)	" 96140	" 299003
694 (6)	" (3740)	" (1199)
1370 (11)	" 98890	" 270178
1378 (11)	" (778)	" (209)
1485 (12)	# 96450	" 269179
1498 (13)	" (940)	" (2971)
	383150	1030516

On Transmittal Dec. 31, 1941
No. 18172 Date 12/28 Recd 1/3/42
96490 279 269068
(12 T) " "

[fol. 719]

DEFENDANTS' EXHIBIT 100H

RECAPITULATION OF COON SYRUP PURCHASES
THE SHATWELL MFG CO
1941

VENDOR		QUANTITY (LBS.)	AMOUNT	
American Maple Products Co	✓	N 383430.	10308 16	K
Cabot Corporation	✓	N 316173	10707 99	N
Crown Sugar Co	✓	N 589761 (less 10%)	15746 69	
		~~589783~~	~~15747 27~~	N
Lenick + Ford Ltd	✓	N 763109	20337 87	N
A.E. Staley Mfg Co	✓	N 697319	18796 77	N
Union Sugar Co	✓	N 429969 (less 10%)	11909 30	N
		~~4799711~~	~~13798758~~	
		1382		
		4417329		
Dr Samuels 12/31/41		N 96440	2690 68	
		5094769		

[fol. 721]

DEFENDANTS' EXHIBIT 100 I

A. E. STALEY MFG. CO.

1941

STARCH PURCHASES

ITEM No.	QUANTITY CLBS		AMOUNT
1159	(10) M 10500	M	399 00
1212	(10) M 10500	M	399 00
	21000		798 00

[fol. 723]

DEFENDANTS' EXHIBIT 100J

CORN PRODUCTS SALES CO. (2)

1941

STARH PURCHASES

ITEM No.	QUANTITY LBS		AMOUNT	
Forward	215593		764635	
1179 (12/11)	N 10000	N	36000	
1179 (12/11)	N 3750	N	16313	
1203 (1/12)	N 10000	N	36000	
1232 (2/12)	N 10000	N	36000	
1405 (11/12)	N 10000	N	36000	
1532	X 5000	X	26100	Can't locate Cr. memo
1533 (12/12)	N 5000	N	18000	
	269343		969048	
539	X 300	X	1281	Less above
153 (1/13)	N 1875	N	7406	
1534	X 5000	X	26100	Less above
540	X 538	X	1378	Less cancel chg. incl. above
	276456		9,504.51	

723

[fol. 727] DEFENDANTS' EXHIBIT 100L

CERTIFIED PRODUCTS CO.

1941

STARCH PURCHASES

ITEM No.	QUANTITY (LBS)	AMOUNT
449 ④	N 2380	N 8449
605 ⑥	N 42000	N 147000
869 ⑦	N 7000	N 25200
914 ⑧	N 7000	N 25900
916 ⑧	N 7000	N 25900
972 ⑨	N 7000	N 25900
1011 ⑨	N 7000	N 25900
1053 ⑨	N 7000	N 25900
1262 ⑩	N 1968	N 7448
1341 ⑪	N 4900	N 18620
1512 ⑫	N 7000	N 26600
1566 ⑫	N 7000	N 26600
	114240	415317

[fol. 729]

DEFENDANTS' EXHIBIT 100M

AMERICAN MAIZE PRODUCTS CO.

1941

STARCH PURCHASES

ITEM No.	QUANTITY CWT.	AMOUNT
48 @	N 8000	N 28000
49 @	N 40000	N 140000
446 @	P 14930	N 52430
~~607~~	~~12000~~	~~112000~~ Certified Products
	62930	220430

729

CORN PRODUCTS SALES CO.

1941

STARCH PURCHASES

ITEM No.	QUANTITY (LBS)	AMOUNT	
16 (1/2)	N 3125	N 12031	
33 (1/2)	N 5000	N 17000	
42 (1/2)	N 3125	N 12031	
73 (1/2)	N 3125	N 12031	
89 (1/2)	N 5000	N 17000	
90 (1/2)	N 3125	N 12031	
147 (2/2)	N 3750	N 14438	
175 (2/2)	N 5000	N 17000	
176 (2/2)	N 3500	N 12250	
203 (2/2)	N 5000	N 17000	
204 (2/2)	N 3750	N 14438	
205 (2/2)	N 56000	N 196000	⊗
232 (2/2)	N 5000	N 17000	
292 (2/2)	N 5000	N 17000	
346 (2/2)	N 1250	N 4813	
348 (2/2)	N 5000	N 17000	
382 (2/2)	N 1875	N 7219	
391 (2/2)	N 5000	N 17000	
423 (2/2)	N 1875	N 7031	
425 (2/2)	N 5000	N 17000	
494 (2/2)	N 3125	N 11719	
497 (2/2)	5000	N 17000	
535 (2/11)	N 1400	N 4900	
536 (2/11)	N 2520	N 8820	
537 (2/11)	N 3080	N 10780	
538 (2/11)	N 6300	N 22050	⊗
539	X 300	X 1281	
540	X 532	X 1378	
566 (2/11)	N 5000	N 17000	
594 (2/11)	N 5000	N 17500	
684 (2/11)	N 5000	N 17500	
753 (2/11)	N 7500	N 26250	
849 (2/11)	N 5000	N 18000	
893 (2/11)	N 5000	N 18000	
917 (2/11)	N 5000	N 18000	
973 (2/11)	N 10000	N 36000	
1012 (2/11)	N 7500	N 27000	
1054 (2/11)	N 7500	N 27000	
1146 (2/11)	N 7500	N 27000	
1147 (2/11)	N 7500	N 27000	
Forward	215593	764635	

1947 ✓ Cont. - b.c. below

1534 ✓ Cont. - Dec at end

DEFENDANTS' EXHIBIT 102

Shetland Manufacturing Co

Corn Syrup Purchases

1941 - 1945 - 1946

Defendants 102

		Total		American Maize Products Co		Anheuser-Busch, Inc.		Corn Products Refg. Co.		Hubinger Co		Penick & Ford, Ltd. Inc.
		Pounds	Amount	Pounds	Amount	Pounds	Amount	Pounds	Amount	Pounds	Amount	Pounds
1941	Jan	758,787	19,639.79					94,487	2,447.34			190,916
	Feb	387,960	9,913.49			97,440	2,535.70					55,000
	Mar	444,387	11,286.98					94,597	2,449.93			
	Apr	597,108	14,817.58	95,940	2,468.37	96,460	2,489.31	95,348	2,469.51			
	May	380,336	9,850.70									55,000
	June	380,400	9,857.35	95,600	2,476.04							
	July	94,840	2,551.19									
	Aug	381,796	10,256.84					95,436	2,567.44			55,000
	Sept	487,501	13,284.13			97,300	2,651.42					95,000
	Oct	478,400	13,558.11					100,100	2,837.13			55,000
	Nov	396,865	11,424.50	95,796	2,758.11	95,673	2,754.24					99,000
	Dec	394,486	11,671.51	95,955	2,839.27			94,296	2,789.28			
Total		4,782,860	135,984.31	479,291	13,598.76	386,873	10,980.41	804,885	22,945.51			1,036,916
1945	Jan	857,386	24,036.92					190,800	5,358.18	95,000	2,660.00	221,916
	Feb	903,587	25,506.42	95,140	2,685.94			94,560	2,669.11	317,400	8,956.28	110,361
	Mar	668,010	18,902.84					95,200	2,691.89	189,500	5,358.58	84,961
	Apr	476,119	13,624.86	95,300	2,711.95			96,760	2,787.26	190,760	5,488.58	95,061
	May	409,290	11,679.99					95,000	2,735.50	95,480	2,752.64	110,961
	June	1,158,741	33,088.04							190,660	5,482.58	94,961
	July	858,142	24,461.24					96,500	2,781.85	190,760	5,501.63	94,961
	Aug	382,000	11,803.80	95,140	2,955.82							94,961
	Sept	700,044	20,311.33	96,940	2,811.26			95,700	2,755.42	98,400	2,835.20	94,961
	Oct	694,306	18,816.02	94,540	2,611.01					95,480	2,752.64	95,000
	Nov	578,991	16,008.41					95,100	2,738.48	188,780	5,438.64	95,000
	Dec	680,957	19,000.00					95,000	2,736.00	95,480	2,752.64	94,961
Total		7,818,573	218,868.42	476,160	13,765.78	95,000	2,736.00	950,520	27,395.11	1,985,520	57,225.98	1,332,961
1946	Jan	690,157	19,453.61	94,956	2,677.39	96,525	2,721.45	95,000	2,678.00	283,000	7,976.60	190,961
	Feb	684,157	19,268.90							189,480	5,337.36	95,000
	Mar	860,360	24,259.42					190,000	5,356.80	284,520	8,021.66	190,961
	Apr	684,669	19,296.22	94,956	2,677.39			95,000	2,678.00	189,480	5,342.38	95,000
	May	674,336	19,006.33	94,956	2,677.39			95,000	2,678.00	189,480	5,342.38	95,000
	June	674,118	19,000.12	94,956	2,677.39			95,000	2,678.00	189,480	5,342.38	95,000
	July											

1941-1945-1941

		Coffee Pounds	Coffee Amount	Corn Syrup Pounds	Corn Syrup Amount	Corn Pounds	Sugar Amount	Baking Pounds	Bank Amount
1941	July								
	Aug								
	Sept								
	Oct								
	Nov								
	Dec								
	Total								
1941	Jan								
	Feb								
	Mar								
	Apr								
	May								
	June								
	July								
	Aug								
	Sept								
	Oct								
	Nov								
	Dec								
	Total								
1942	Jan								
	Feb								
	Mar								
	Apr								
	May								
	June								
	July								
	Aug								
	Sept								
	Oct								
	Nov								
	Dec								
	Total								

	Amherst - Pounds	Amherst - Amount	Com Products Del. Co - Pounds	Com Products Del. Co - Amount	Hilton Hotel Co - Pounds	Hilton Hotel Co - Amount	Pacific Coast Co., Incorporated - Pounds	Pacific Coast Co., Incorporated - Amount	[illegible] - Pounds	[illegible] Co - Amount	Union - Pounds	Union - Amount	Sales Corp - Pounds	Sales Corp - Amount

FILED

FEB 1 1943

A. H. GIBSON
CLERK

Alabama Manufacturing Co.
Corn Sugar Purchases
1941 - 1945 - 1946

103 (c)

	Total		American Products Co		Corn Products Sales Co	
	Pounds	Amount	Pounds	Amount	Pounds	Amount
1941 - Jan	33900	1749.47			33900	1749.47
Feb	26900	1036.73			26900	1036.73
Mar	21600	987.78			21600	987.78
Apr	71600	2776.52			71600	2776.52
May	300	12.81			300	12.81
Jun	-	-				
Jul	60000	2044.92			60000	2044.92
Aug	200	8.48			200	8.48
Sep	15200	704.04	10000	450.72	5200	253.32
Oct	20000	575.25	20000	575.25	-	-
Nov	13500	709.90			13500	709.90
Dec	23500	1136.90	10000	484.72	13500	652.18
Total	289700	12412.88	40000	1956.69	248600	10456.19
1942 - Jan	23800	1153.78	6000	291.72	17800	862.06
Feb	16100	817.89			16100	817.89
Mar	22500	1056.11	5800	274.82	16700	781.29
Apr	21700	1060.71	5000	243.75	16700	816.96
May	101700	4405.41	5000	243.75	96700	4161.66
Jun	200400	10453.01	5000	243.75	195400	10209.26
Jul	210200	9253.00	5000	243.75	205200	9009.25
Aug	17700	858.89	1000	48.75	16700	810.14
Sep	15400	788.64	5000	243.75	10500	544.89
Oct	8500	384.75	2000	97.50	6500	287.25
Nov	11000	496.95	2000	97.50	9000	399.45
Dec	20500	1180.41	5000	243.75	15500	936.66
Total	511000	24110.46	50000	2438.97	460900	21671.49
1943 - Jan	16500	837.31	1500	73.13	15000	764.18
Feb						
Mar	50000	2548.82			50000	2548.82
Apr	60000	3058.59			60000	3058.59
May						
Jun	16000	1131.06	10000	656.19	6000	474.87
Jul						
Aug	20200	849.91			20200	849.91
Sep	500	32.19	500	32.19		
Oct	67500	2837.25	500	32.19	60000	2805.06
Nov	65000	3011.08	5000	321.19	60000	2689.89
Dec	50500	2390.85	5000	321.19	45500	2069.66
Total	376500	17551.94	50000	3436.06	326500	14115.88

Whitehall Manufacturing Co.

Boiling Starch Purchases

1941 - 1945 - 1946

	Total		American Maize Products Co		Certified Products Co		Corn Products Sales Co		The Hubinger Co.		National Products
	Pounds	Amount	Pounds	Amount	Pounds	Amount	Pounds	Amount	Pounds	Amount	Pounds
	70500	2501.24	41000	168.00			7500	31.28			
	95700	396.96					85000	352.75			
	15125	63.37					15125	63.37			
	39360	1381.29	10480	404.25	2380	89.48	22000	887.56			
	28000	1215.00			24000	1040.00	10000	435.00			
	6875	264.06					5000	192.50			
	19500	754.50			7000	270.50	12500	484.00			
	31000	1147.00			21000	777.00	10000	370.00			
	46000	1677.00			21000	777.00	25000	900.00			
	21310	1355.96			1960	124.76	19350	1231.20			
	14900	594.75			4900	195.61	10000	399.00			
	19000	704.00			14000	518.00	5000	185.00			
	467470	16659.91	9549	340.25	114380	4163.18	243541	8756.48			
	lb	$	lb	$	lb	$	lb	$	lb	$	lb
	76000	2736.00					10000	416.00			
	65000	2800.00					5000	208.00			
	5000	208.00					5000	208.00			
	131100	4654.05					90000	3008.00	60000	2190.00	
	150000	5340.00	60000	2190.00	239000	8729.50	10000	416.00			
	234000	8424.00					234000	9098.76			
	65000	2800.00					5000	208.00			
	5000	208.00					5000	208.00			
	84868	3411.36							60000	2190.00	20000
	60000	2452.00									
	2971	-									
	297000	10692.00	60000	2190.00	239000	8729.50	234000	9098.76	60000	2190.00	20000
	lb	$	lb	$	lb	$	lb	$	lb	$	lb
	-	-									
	-	-									
	-	-									
	30600	1258.61					10000	409.00			
	200941	8116.25							60000	2190.00	
	10019	404.67									
	9000	363.60									
	5000	202.00									
	5000	202.00									
	5000	202.00									
	5000	202.00									
	66556	-									
	-	-									
	5000	202.00									
	65869	2639.16									
	5000	202.00									
	66118	2691.98	60000	2190.00	239000	8729.50	234000	9098.76	60000	2190.00	20000
	lb	$	lb	$	lb	$	lb	$	lb	$	lb

1941 - 1945 - 1946

		Total		American Maize Products Co		Corn Products Refining Co		Excess Food Co		W.
		Pounds	Amount	Pounds	Amount	Pounds	Amount	Pounds	Amount	
1941	Jan	-	-							
	Feb	-	-							
	Mar	-	-							
	Apr	30100	90300	30100	90300					
	May	-	-							
	June	-	-							
	July	-	-							
	Aug	-	-							
	Sept	-	-							
	Oct	-	-							
	Nov	-	-							
	Dec	-	-							
	Total	30100	90300	30100	90300					
1945	Jan	25000	114470			5000	20150			
	Feb	25000	99750			15000	59450			
	Mar	10000	39300							
	Apr	22500	88675			5000	19650			
	May	20000	78600							
	June	5000	19650			5000	19650			
	July	-	-							
	Aug	10000	39300							
	Sept	2500	10075	2500	10075					
	Oct	8300	32759			3300	13149			
	Nov	5000	19650			5000	19650			
	Dec	-	-							
	Total	137300	541769	2500	10075	38300	151669			
1946	Jan	30000	118800	5000	21950	10000	39300		19650	
	Feb	10000	35300	-	-	-	-			
	Mar	19500	77135	-	-	5000	20150			
	Apr	18000	71370	-	-	10000	39300			
	May	14600	61884	6600	29988	-	-			
	June	13000	58140	5000	22700	-	-			
	July	5000	35700	5000	35300	-	-			
	Aug	30500	186345	8000	42240	10000	62200			
	Sept	24500	178175	15000	91800	6000	55020			
	Oct	68300	339315	-	-	60000	298200			
	Nov	10000	44150			-	-			
	Dec	15000	67600			-	-			
		43500	[illegible]	2[illegible]	[illegible]	[illegible]	[illegible]			

1 – 1946 – 1946

Amount	American Maize Products Co. Pounds	American Maize Products Co. Amount	Corn Products Sales Co. Pounds	Corn Products Sales Co. Amount	Emerson Foods Co. Pounds	Emerson Foods Co. Amount	Walter H. Johnson Co. Pounds	Walter H. Johnson Co. Amount	A. E. Staley Manufacturing Co. Pounds	A. E. Staley Manufacturing Co. Amount
–										
–										
–										
90300	30100	90300								
–										
–										
–										
–										
–										
–										
90300	30100	90300								
114470			5000	20150					27000	943
98750			15000	59450					10000	393
39300									10000	393
88675			5000	19650					17500	690
78600									20000	786
19650			5000	19650					–	–
–									–	–
39300									10000	393
10075	2500	10075							–	–
32764			3300	12964					5000	196
19650			5000	19650					–	–
–									–	–
349164	32600	100750	38300	151964					96500	3794
118400	5000	21150	10000	39300	5000	19650			10000	393
35300	–	–	–	–					10000	393
77135	–	–	5000	20150			5000	19650	9500	373
71370	–	–	10000	39800					8000	316
61884	6600	29962	–	–					8000	319
58140	5000	22700	–	–					8000	320
90450	5000	23300	–	–					–	–
186395	2000	12420	10000	39229					28500	1117
178175	15000	9180	5000	19650					9500	373
83935	–	–	10000	39800					12400	471
52140			–	–					10000	393
19650			–	–					5000	196
1436214	98600	412412	100000	398405	5000	19650	5000	19650	311000	12154

Shotwell Manufacturing Co.

1941 Corn Syrup Purchases

from

American Maize Products, Corn Products Sales, and Penick + Ford

		Total		American Maize Products Co		Corn Products Sales, Co	
		Pounds	Amount	Pounds	Amount	Pounds	Amount
Jan		284854	13776			94494	24493
Feb		95210	24775				
Mar		94594	24493			94594	24493
Apr		191208	49536	95400	24885	95348	24651
May		95900	24931				
Jun		95600	24804	95600	24804		
Jul		-	-				
Aug		190756	51133			95436	24792
Sep		95600	24116				
Oct		208000	58206			113100	31548
Nov		191769	55035	96100	26819		
Dec		87220	80136	191980	53596	94220	26592
	Total	1830937	490830	479654	128856	802825	219974

facturing Co

ng Purchases

ucts Sales, and Pennick + Ford

	American Maize Products Co		Corn Products Sales Co		Pennick + Ford, Ltd. Incorporated	
	Pounds	Amount	Pounds	Amount	Pounds.	Amount
			9HH9V	2HH713H	190360	H93033
					95780	2H6775
			9H59V	2HH9193		
	95940	2H8H85	95348	2H6951		
					95340	2H6931
	95600	2H960H				
			95436	2H7952	0?:?5	2?6H11
					95600	2?71H9
			001?11	5H?5?13	0H?=5	L?5?92?
	96100	2681192			59?:5	?:??9?
	191980	9695?5	0H?=5	0?65?2		
	H88651	0?9651	80?:8?5	5997N:?1	501?95	2?=:?2

[fol. 741]

DEFENDANTS' EXHIBIT 108

Statement of Wages Paid by Co-operating Packers, 1945-1946

	Total		American Maize Products Co.		Corn Products Refining Co.		H. Hulbinger & Co.		Penick & Ford, Inc.
	Pounds	Amount	Pounds	Amount	Pounds	Amount	Pounds	Amount	Pounds
1945- Jan.	851380	$ 6443 00			190800	$ 895 72	189560	$ 857 40	191880
Feb.	903587	$ 7905 06	95440	$ 958 37	95460	$ 949 71	317400	$ 834 52	110360
Mar.	668010	$ 6411 78			95200	$ 941 68	189500	$ 855 55	96380
Apr.	764140	$ 3611 92	191300	$ 911 17	96400	$ 978 76	190760	$ 894 48	95060
May	667463	$ 6250 [illegible]			95000	$ 935 50	94620	$ 761 [illegible]	96180
June	418480	4185 17					190660	$ 891 39	96460
July	761646	7174 58			96500	$ 981 85	290706	9437 13	96260
Aug.	387000	1180380	95640	$ 955 78					96260
Sept.	711433	$ 6030 06	46370	1479 20	95700	$ 957 13	94860	$ 931 17	95740
Oct.	647306	$ 6317 18	34540	1101 83			$ 3 [illegible] 1 [illegible]	[illegible]	95880
Nov.	414700	4668 [illegible]			95100	$ 938 [illegible]	188780	$ 833 30	95540
Dec.	570680	6340 00			94900	$ 937 41	190040	$ 872 [illegible]	96360
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1946- Jan.	591090	[illegible]	02950	[illegible]	01 [illegible]	[illegible]	02 [illegible]	[illegible]	[illegible]
Feb.	081215	0869 81					089681	11 [illegible]	[illegible]
Mar.	860398	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr.	664080	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Statistical Summary of Regional Economic Indicators, 1947–1963

Year	Population	Annual Growth	Urban Share	Rural Share	Notes
1947	1,482,300	—	31.2%	68.8%	Baseline census
1948	1,509,750	1.85%	31.9%	68.1%	
1949	1,538,120	1.88%	32.7%	67.3%	
1950	1,571,400	2.16%	33.6%	66.4%	Boundary revision
1951	1,602,880	2.00%	34.4%	65.6%	
1952	1,633,560	1.91%	35.1%	64.9%	
1953	1,668,240	2.12%	36.0%	64.0%	
1954	1,701,900	2.02%	36.9%	63.1%	
1955	1,739,610	2.22%	37.9%	62.1%	
1956	1,781,340	2.40%	39.1%	60.9%	
1957	1,824,720	2.44%	40.3%	59.7%	
1958	1,871,460	2.56%	41.6%	58.4%	
1959	1,918,980	2.54%	42.9%	57.1%	
1960	1,968,300	2.57%	44.3%	55.7%	
1961	2,019,540	2.60%	45.8%	54.2%	
1962	2,072,760	2.64%	47.4%	52.6%	
1963	2,128,020	2.71%	49.1%	50.9%	

Source: Bureau of Regional Statistics, Annual Compendium, Table 4.

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THE SHOTWELL MANUFACTURING COMPANY (RENAMED HOMAN MFG. CO., INC.), A CORPORATION, BYRON A. CAIN AND HAROLD E. SULLIVAN,

Petitioners,

vs.

THE UNITED STATES OF AMERICA,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT (AND APPENDICES).

GEORGE B. CHRISTENSEN,
HAROLD A. SMITH,
WILLIAM T. KIRBY,
NEAL J. MCAULIFFE,
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